

THE ROUND TABLE



A Quarterly Review of **BRITISH COMMONWEALTH AFFAIRS**

Contents of Number 192

THE WATCH ON THE GULF

TWO VIEWS OF DE GAULLE:

I. THE FRENCH

II. THE ALGERIAN

THE ANGLICAN CHURCH TAKES COUNSEL

TOWARDS A MALTESE CONSTITUTION

WASHINGTON'S MISSED HOLIDAY

WATERS OF STRIFE

And Articles from Correspondents in

**UNITED KINGDOM IRELAND PAKISTAN CANADA
SOUTH AFRICA AUSTRALIA NEW ZEALAND EAST AFRICA**

September 1958

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THE WATCH ON THE GULF

AFTERMATH OF THE REVOLUTION IN IRAQ

THE unerring strategic insight of Jan Smuts perceived as early as 1940 that the focal point of the Second World War would be found in the Eastern Mediterranean. At that time Russia was still ranged, by the Molotov-Ribbentrop Pact, with the enemies of the British Commonwealth and Empire. Since the short-lived Anglo-Russian alliance expired with victory the fundamental antipathies it veiled have re-emerged in the Near East as elsewhere, and are now underlined by the arrival of a token British force in Jordan and a considerably stronger American force in Lebanon. That these garrisons are present in the first place to seal off the currents of disturbance radiating from revolutionary Iraq is not inconsistent with their further mission to keep watch over troubled waters in which the Soviet may be tempted to fish.

If Russian policy encourages anti-Western conspiracy in the Arab world and patronizes its authors when successful, there should be no occasion for surprise. Russia is not a new-comer in the Near and Middle East, nor is her essential ambition there concerned with anything so recent or ephemeral as the propagation of Communist doctrine. She has a permanent and vital interest in the region. For centuries it has been a prime object of Russian monarchs and statesmen to gain for their country's shipping access to warm water. The application at the end of the war for a mandate over Libya and Tripolitania was not an irresponsible effort to throw allied policy out of gear: it was a bid to secure this secular objective. That attempt having failed, the likeliest way to warm-water ports is by penetrating the Near or the Middle East, to the Eastern Mediterranean or the Persian Gulf. The shortest way is through Persia—easier also than through Turkey—and the Gulf is the more tempting goal. But now that American troops are moving into the region, and the American Government, on terms as firm as those of N.A.T.O., has guaranteed the frontiers of Turkey, Persia and Pakistan as if they were those of their own country, further Russian progress in the desired direction must, it would seem, be over the dead body of the United States.

Thus the presence of Western forces in Jordan and Lebanon was bound to provoke the violent resentment of the Russians as a check to their long-term ambition. They have always hated the Baghdad Pact, of which Great Britain and the United States are guarantors, for the same reason. But their hostile reaction is not entirely that of aggression thwarted. A considerable element of fear is involved, fear that through the Baghdad Pact the Western Powers may expose the "soft under-belly" of the Soviet Empire. They have had a wonderful run of luck in the Middle East, culminating in the temporary

disruption of Anglo-American accord over the Suez expedition. They have nourished the delusion, and led their protégés to think, that this run will continue indefinitely. Their miscalculation has been revealed by the sudden shock of finding Anglo-American forces in the middle of the sensitive region. Now they can do nothing effective to help Nasser and other potential satellites in the Middle East except by walking over Turkey: that is, challenging a world war, and this they dare not risk.

If the Russians' realization of the shock to their ambitions accounts for the vehemence of their protests, it should also stiffen the resolution of the West that the check must be firmly sustained. It cannot be too strongly emphasized that the penetration of Russian power to the Persian Gulf would transform the whole world balance overnight. With the Soviet active in the Indian Ocean—and the threat may be real enough to keep even a Republic of South Africa in the Commonwealth—our line of communication to Asia and Australia would be cut. We should be thrown back on the Atlantic, and the authority of Western liberal civilization to guide the future development of an emancipated Africa would be rapidly undermined. Half a century ago Lord Curzon moulded his policy in the East on the mission to keep Hohenzollern Germany out of the Persian Gulf and the Red Sea. The same defensive strategy is still indispensable; for with the Russians on the Gulf the world would be cut in two.

To avert that danger policy must still found itself, after as before July 14, on maintaining the established northern barrier to the Middle East. The first instinctive reaction of dismay, the fear that the Baghdad Pact had been destroyed by the defection of Baghdad, is seen on reflection to have been an unnecessary panic. The remaining signatories of the Pact have stood firm, and the chain may in the long run be the stronger for the removal of its weakest link, the only Arab member. It is not possible to be friends with everybody in this area, except at the cost of having no Middle Eastern policy at all. This is an elementary truth to a nation drawing on tradition accumulated by the servants of British India; and it is self-evident to the Turks, with their long experience of trying to rule Arabs. It is less apparent to the Americans, new-comers to the Middle East, who are reluctant to surrender the illusion that they can maintain equally friendly relations with Nasser and the non-Arab states of Islam. But the situation that emerges from the Iraqi revolution is that these states constitute a clear-cut natural group in strong contrast with their Arab neighbours and with an inevitably opposing interest. West Pakistan has been propelled into the Middle East by the partition of India. The alliance of Turkey, Persia and Pakistan possesses a virility that nothing in the Arab world can match. The Turco-Iranian defensive line should suffice to bar the way of Russian power into the Arab lands, provided it has steady backing from the West. This is why the Baghdad Pact is as important to Great Britain and the United States as N.A.T.O. itself. To support it implies no necessary hostility to any Arab community to the southward, but only a determination that they shall not be drawn into the Russian camp. Great Britain and the United States have their spheres of influence among the Arabs, particularly in the oil-bearing countries and round the

Gulf, and their mission of economic help and political guidance. But if the Turco-Iranian barrier does not hold, there will be no use in talking of liberal institutions, democracy or the rule of law in any of the Arab lands. The whole will be wide open to subversion by Marxist ideas and subjugation by Soviet power.

Behind the Lines

THE danger is that even behind the northern barrier the still friendly parts of the Arab world may yet be corrupted from within. This is what has happened in Iraq, and it is necessary for Western policy to apply the lesson. The military junta who have seized power in Baghdad are not likely to have set out intending the murder of King Feisal and his family—Hashimites of the sacred blood of the Prophet. Nor did it conform with the age-old rivalry of Baghdad with Cairo and Damascus, made more acute now that Iraq possesses the precious oil, and the Mediterranean Arabs are only transit-states, that they should appear to dance so compliant a measure to Nasser's piping. How then did the revolution come about, and play so completely into Nasser's hands? The answer is that the driving power behind it was popular fury against Nuri es Said, and its explosive force had been stored up because Nuri for years had sat on all the safety-valves. He had suppressed parliamentary institutions and all the checks and balances of an authoritarian régime, and when the inevitable outburst came he was left without internal friends and his allies abroad were too far away to help him.

The lesson to be learnt is that the West cannot afford to base its Middle Eastern policy on the friendship of rulers who are vulnerable to popular discontent at home. The northern barrier is staunchly held; but it would be rash to assume that it will last for ever, and its value in sealing off the solvent acids of Russian political ideas will be lost unless the time gained is used for propagating the contrary principles of the free world in the rearward Arab areas.

The reassertion of British influence in Jordan imposes a more than military responsibility. Whether or not the force now encamped there can be extricated at an early date and their functions taken over by any agency of the United Nations, there is no escape from the power politics governing the region; and Jordan will be to the West a source of weakness no less than Iraq until there is a better assurance of social stability than at present exists. If the basis of government is to be broadened by any sort of representative institutions, the two halves of the country will need to be separately treated, lest the bedouin supporters of the Hashimis in Trans-Jordan be swamped by refugees from Israel and the *indigènes* in Cis-Jordan. But either Great Britain, or the United Nations on British initiative, will need to use its full influence to secure the internal liberalization by which alone this weak State can be strengthened.

More especially will the British character be tested—and judged by other Arabs and farther afield—by its influence on the shakhdoms of the Gulf, where we still bear the responsibility for foreign policy and defence. British protection extends to Kuwait, Bahrain, Qatar and the seven Trucial States. Far the most important of these is Kuwait, now containing the richest

oil-field in the world. Riches are ineluctably drawing the whole group into the ambit of world affairs and exposing it to the influences of Western culture and political thought. The paternal despotism of the Shaikhs, hitherto little modified in spirit since the golden age of medieval Islam, is changing its aspect and must inevitably change further to adjust the States to their new international position. It is of vital importance to the protecting power to ensure that necessary change does not take the violent Iraqi course. Doubtless if a mob ran amok in the streets of Kuwait or Bahrain, howling for internal revolution, we should be entitled and compelled to take over control. But there is nothing that should be more distasteful for British diplomacy: we should compromise our whole imperial position if we were seen maintaining a government of repression in the face of popular discontent.

A rather less recent example than that of Iraq shows the mistake that has been made in the past and that must not be made again. The scrupulous observance by the Government of India of its treaty relations with the princely states was carried to extreme lengths of non-interference, even by way of influence, with their internal affairs. Looking back, it can be seen now that the relationship called "paramountcy" could have been used in many legitimate ways to put pressure on the Princes to convert themselves into constitutional monarchs. Little or nothing of the kind was attempted until it was too late. The social and political gulf between British India, deliberately guided by its rulers towards self-government on a Western pattern, and the princely states, frozen in their autocratic forms, grew deeper with the years; and as a result, when the imperial authority withdrew, the whole princely system was swept away, carrying with it much that was sound and honourable, and might have been fruitful in the new India.

Potential British influence on the internal affairs of the Gulf shaikhdoms is not so strong as it was in princely India. The concept of paramountcy is not present, nor is there the fulcrum of material power that British India provided. But because our initial position is weaker in the Gulf it is all the more important that we should do better with the Shaikhs than we did with the Princes.

We are not in the Gulf for the sake of the oil: if no oil had ever been discovered it would still be a vital interest of the Commonwealth to maintain its hold on the great line of communication and prevent the advance of Russian power from cutting the world in two. But the oil has transformed the medium in which our influence has to work, because it has converted the shaikhdoms into focal points of world commerce. It is now a grave matter if foreign merchants complain—as they do—that they have no security in the shaikhdoms that their contracts will be honoured and their debts can be collected. We cannot discharge our responsibility for the foreign relations of the Shaikhs unless our influence can cause the rule of law through an independent judiciary to prevail in their territories, and unless they provide a lightning conductor for their own stability by eventually developing some kind of representative institutions. To bring about the transformation of the Shaikhs into the constitutional sovereigns (with some limitation of the privy purse) that the Princes of India never became is the best service Great Britain can render both to them and to its own long-term interest.

If we can both keep the northern barrier of the Baghdad Pact impregnable, and simultaneously foster the growth of a liberal polity wherever behind the barrier British influence is effective, we need not fear that either Soviet Communism or Arab nationalism will subvert the legitimate interest of the Western world in the Middle East.

TWO VIEWS OF DE GAULLE

I. THE FRENCH

THE revolution that began on May 13, 1958, must be the oddest in French history. The new Government in Paris, headed by General de Gaulle, came to power as the result of an insurrection in Algeria, a country which even in normal circumstances is economically non-viable without French technical and material aid, but which was, in 1958, totally dependent on France, owing to the Algerian rebellion, and to the consequent presence on Algerian soil of some 400,000 French troops, supplied with arms and food from France. Though the threat of a *coup d'état* in France itself was certainly genuine, as later evidence revealed, the active revolutionaries consisted almost exclusively of elements of the army, particularly the parachute troops, and of the police, particularly the security police, though a number of officials were clearly in sympathy with them. A handful of extremists demonstrated in Paris on May 13 in sympathy with the movement in Algiers; some right-wing motorists at one point spent some hours driving along the Champs Elysées beating out *Algérie française* on their motor horns; some 200,000 walkers, on May 28, carried out a peaceful traditional march along the *grands boulevards* from the *Place de la Nation* to the *Place de la République*; and there were some half-hearted strikes, from May 27 onwards, in response to calls by the Communist-dominated Trade Union Federation. But apart from these, and a few incidents in the provinces, France remained calm, even apathetic. The majority of French citizens were apparently indifferent to the fate of the régime as well as to that of the Government.

It was, moreover, a revolution whose active supporters agreed only on the immediate objective of securing General de Gaulle's return to power, a prospect that considerable sections of the French public, including members of Parliament and Ministers in the outgoing Government, regarded with equanimity and even relief. But whereas the non-revolutionaries regarded General de Gaulle—as indeed he regarded himself—as perhaps the last hope of saving the Republic, to many of the insurrectionaries in Algiers he was intended to be the instrument of its supersession by a different régime.

The new Government was accepted, on June 1, by a not very enthusiastic majority of the French Assembly. It consisted of representatives of all parties except those of the extreme Right and the extreme Left. In other words, it was politically almost a replica of the discredited administration that it was replacing. It included the Prime Minister of the outgoing Government, whose investiture had touched off the Algerian explosion, and one of its first achievements was to settle the Franco-Tunisian dispute, which had existed since February, along precisely similar lines to those which had been pursued by M. Gaillard's Government in April, when he had been defeated owing to the refusal of the majority of the Assembly to agree to his proposals.

In his investiture speech, General de Gaulle had stated that, during the

six-months period for which the Assembly had granted him emergency powers, his aims were to bring the hope of peace to Algeria and to draw up a new Constitution. It very soon became clear, that whatever his intentions might be concerning Algeria, he did not intend to commit himself to any definite policy until after the constitutional referendum which was to be held in the autumn. A Cabinet Committee, consisting of the four Ministers of State and the vice-President of the Conseil d'État, began work on the Constitution almost at once. This Committee, with one possible exception (M. Debré), consisted of ardent Republicans and Democrats, including one of the chief supporters, if not the chief architects, of the discredited 1946 Constitution. Though they were certainly in favour of the revision of a number of its provisions, they were not opposed to the system itself; nor was there any evidence that the general public was anxious for radical changes along the lines advocated by a number of General de Gaulle's supporters, and assumed to represent the views of the General himself. In 1946 the Constitution had been accepted by only a third of the electorate, a third voting against, and almost a third not troubling to vote at all. The mounting criticism of its working in the following years had been directed less against the Constitution itself than against the misuse of it by politicians. The main offenders were held to be the political parties, whose intransigence and divisions had created parliamentary deadlock and governmental paralysis. Yet the public had continued, year after year, to vote for the same parties, thus helping to perpetuate the deadlocks. Out of an electorate of over 26 millions, only about 3 millions voted in 1956 for the only two political formations (excluding the Communists) that were opposed to the régime—the reactionary and ideologically barren Poujadists, and the small Gaullist rump which was to all intents and purposes a party like the others. And it was representatives of these same parties who were to help to draw up the new Constitution.

Peaceful Death of the Fourth Republic

IF it is true to say that General de Gaulle came to power in June 1958 as the result of an attempted *coup d'état*, which was the reason given by a number of left-wing Deputies for voting against him, it is equally true to say that, in face of what was still only a threat, the régime petered out peacefully and with a total absence of bloodshed or violence, for lack of defenders. The mass of the public certainly seemed to support General de Gaulle. According to a public opinion poll taken in June, 54 per cent thought his return a good thing and 26 per cent thought it the least of the available evils. Only 9 per cent were opposed. Nearly 70 per cent thought that he would be able to solve the Algerian problem.

In spite of General de Gaulle's well-known views on the undesirability of parties, one of the first consequences of his return to power was the creation of a host of new ones. Most of them, it is true, declared that they were not parties—indeed one of them was stated by its founder, M. Bidault, to have been created partly because there were too many parties. Some were intended to be ephemeral, having as their main aim propaganda either for or against the

new Constitution. Most of them described themselves as democratic, or republican, or both; though the kinds of republic or democracy that they had in mind often had little in common. They included three movements of Gaullist inspiration: the *Centre pour la réforme Républicaine* or left-wing Gaullists, as they called themselves; M. Chaban Delmas's Movement in favour of the referendum and the Fifth Republic; and M. Soustelle's Union for French Renaissance. There were two movements of predominantly Catholic inspiration: M. Bidault's French Christian Democracy, representing a right-wing approach, in so far as it represented anything outside M. Bidault's own views; and the National Committee for Christian Democracy, which represented the views of the bulk of the supporters of the M.R.P. On the extreme Right there were a number of movements associated with General Chassin's Popular Movement of May 13, whose aim was said to be to further "the spiritual and material renaissance of the nation"; and the Poujadists decided to set up a series of Committees of Public Safety in France, in order to support the demand of the Algiers Committee for the elimination of political parties.

On the Left, the President of the *Ligue des Droits de l'Homme*, M. Daniel Mayer, a former Secretary General of the Socialist Party and former Minister, appealed for a rally of the non-Communist Left in order to oppose the new Constitution. The *Union des Forces Démocratiques*, set up in response to this appeal, included a number of Socialists who had voted against General de Gaulle, some members of the Radicals and U.D.S.R. (including, in particular, MM. Mendès-France and Mitterrand, both of whom had voted against him), and some representatives of the non-Communist Trade Union Federations.

The practical result of all this activity was that, within a few weeks of General de Gaulle's accession to power, the number of political formations in existence had virtually doubled. For the new movements supplemented existing parties, or cut across them, without superseding them. As was to be expected, the mere prospect of a new Constitution appeared to be increasing French disunity, instead of encouraging the unity which General de Gaulle hoped to create. And the doubts and uncertainties regarding the Government's Algerian policy helped to increase both the confusion and the disunity.

Although the reasons given by movements and individuals for their support of General de Gaulle varied widely, almost all his supporters believed that he alone offered the hope of finding some way out of the Algerian dilemma. For some this hope was a positive belief; for others it appeared to be a last chance. In fact, he was expected to provide at least half a dozen conflicting solutions. He was expected to work, not one, but a number of incompatible miracles. The Algerian insurrectionaries, for instance, were pulling at least three different ways. Right-wing *colons*—the *ultras*, as they were called—men like M. Lagaillarde, who led the student demonstrators, or M. de Sérigny, editor of the *Echo d'Alger*, were almost exclusively concerned to prevent any loosening of the ties between Algeria and France, because they were afraid of losing their privileged position as a small and influential European minority in a large and backward Moslem community. Theirs was the typical settler reaction, though it was shared by most of the European population, which had solid grounds for fearing the future, if such Moslem

elements were to obtain independence in the near future without adequate safeguards for the European residents. These views were shared by the majority of right-wing opinion in France.

Military and Civilian Standpoints

ARMY elements in sympathy with the insurrection had, in the main, a different approach. They were concerned primarily with the need to restore French, and military, prestige, by a victory over the nationalist Moslem rebels. Some of them had little sympathy with the *ultras*, whom they considered to be reactionary, but army and *ultras* were agreed, on the surface at least, on two things, apart from the need for a Government headed by General de Gaulle. They were in favour of "integration", in the sense of the transformation of the Moslem Algerians into "first-class" citizens, enjoying real political, social and economic equality with the European population; and they believed that Algeria must remain French. There was, however, a great difference of emphasis between them. Army officers who had been protecting loyal Moslems, and had been doing valuable administrative and welfare work, in close touch with the Moslem population, were often genuinely and idealistically convinced of the need to give the Moslems a square deal, though they usually had no idea of the financial implications of such a policy; the conversion of the *ultras* to "integration" was surprising and sudden, and there were strong reasons for suspecting that men who had spent years opposing even moderate reforms could hardly have undergone a genuine sea-change overnight.

There was, thus, overlapping and contradiction between these two tendencies, with regard to the future of Algeria. There was a similar confusion between the views of army supporters of the insurrection and those of the civilian leaders, described as "*activistes*", the men represented on the Committees of Public Safety, some of whom were potential Fascists. These were "Gaullists", in the sense that they approved of General de Gaulle's strictures on the "system", and wanted to see the end of the Fourth Republic, the *régime des partis*. Some elements in the army agreed with this aim, because in their view the indecision of successive Republican Governments was responsible, not merely for the long-drawn-out war in Algeria, but also for the army's humiliations in Indo-China, Morocco and Tunisia. The army wanted victory over the rebels, and the maintenance of a French Algeria, partly "in order to preserve something of an empire which soldiers had won and politicians had lost"; and they wanted it "in spite of the intellectuals who had condemned certain aspects of pacification, of the liberals who were contemplating negotiating with the enemy, Tunisia which offered asylum and aid to the F.L.N., and in spite of the régime, which inspired neither the confidence of the army nor the respect of the adversary, and which was paralysing military operations."* They also wanted victory simply because "to fight a war, in order to make possible the holding of elections that might lead to independence would be absurd".†

* Raymond Aron, in *L'Algérie et la République*.

† Pierre Debray, quoted in *L'Express*, July 3, 1958, by M. Merleau-Ponty.

Both these tendencies, therefore, looked to General de Gaulle to win the war in Algeria and to reform the government of France. But beyond the common desire for a government with greater authority, they had not necessarily much in common. These were also the dominant reasons for the support of civilian opinion in France for General de Gaulle, and it, too, was characterized by similar contradictions. To many Frenchmen, and some Moslems, including M. Bourguiba, and even some members of the F.L.N., General de Gaulle was not merely the only man who could end the war in Algeria, he was a man whom they believed to have the kind of liberal views on Algeria held by, say, M. Pflimlin and a number of members of the M.R.P., and by some Socialists, views which were, precisely, anathema to the supporters of "integration" in Algeria and to much right-wing opinion in France.

The absence of any material change in the situation in Algeria during the weeks following General de Gaulle's assumption of office, and the continued uncertainty regarding his own intentions regarding the territory's future, led to criticisms and to a certain amount of disillusionment among those circles which had most enthusiastically supported his return to power. Disappointment had followed rapidly on the early hopes that the new "fraternization" between Europeans and Moslems, which had characterized the hysterical demonstrations in Algiers during the fortnight following the demonstrations of May 13, might weaken the appeal of the F.L.N. sufficiently to bring about the collapse of the rebellion. Terrorist attacks continued, *maquis* warfare was intensified, and the F.L.N. announced its intention of having nothing to do with the elections that were to be held in Algeria, in spite of General de Gaulle's appeal to them to "make their voices heard, those of guns being sterile".* The army was, indeed, shortly demanding further reinforcements.

The Draft Constitution

BY the end of July, when the draft text of the new Constitution was published, there were three separate currents of criticism. First, those who engineered or supported the insurrection were dissatisfied. With one exception (at Mostaganem, on June 5) General de Gaulle had steadfastly refused to use either the word "integration", or the expression *Algérie française*, though some of his more obscure and oracular statements seemed to some liberal opinion to make sense only on the assumption that he had accepted the principle, even if he was avoiding the vocabulary. The draft text of the Constitution did nothing to clarify the position, for its brief section (*Titre XI*) dealing with France's relations with the oversea territories did not specifically mention Algeria. The Committee of Public Safety for Algeria and the Sahara had passed resolutions calling for the integration of Algeria, the abrogation of the *loi-cadre* and the disappearance of the organs set up in application of its provisions.

In France, the already serious financial situation was clearly going to be aggravated still further by the additional military demands and by the increase in civil expenditure in Algeria in order to improve economic and social conditions. General de Gaulle's appeal for sacrifices from *les possédants* met

* Speech of June 27, 1958.

with a cool reception from right-wing opinion, that is from those who would be called on to make the sacrifices, and from farmers who feared that they would be asked to accept lower wheat prices than they had hoped for, in the interests of price stabilization.

On the Left, those who had voted for General de Gaulle, either in the hope of a liberal solution in Algeria, or in order to save the Republic from the threat of a military dictatorship, were feeling misgivings, regarding both the evolution of the political situation and some of the provisions of the draft Constitution. The behaviour of the Algerian Committee of Public Safety, the repeated confiscation by the Algerian authorities of issues of the French press, the militarizing of Algerian administration, the announcement, on July 14, of a series of promotions for army leaders assumed to have been responsible for the threatened *coup d'état*, and the appointment, a few days later, to the post of Minister of Information (with very extensive powers) of M. Soustelle, indubitably one of the chief animators and spokesmen of the insurrection, all strengthened the impression that General de Gaulle had, to say the least, not yet succeeded in restoring the authority of the State over the potential revolutionaries. Those who had doubted from the first whether General de Gaulle could avoid becoming eventually their instrument rather than their master felt their doubts justified, and in these circumstances certain of the provisions of the draft Constitution seemed particularly menacing.

In fact, first reactions to the publication of the text of the draft Constitution were generally critical, and by no means all the criticisms came from representatives of the Left. The document showed signs of being an honest attempt to combine some of the constitutional opinions associated with General de Gaulle with the parliamentary institutions to which those Ministers who had helped him to draft it were attached. The result was a compromise satisfactory to nobody. To representatives of the extreme Right it appeared merely as a perpetuation of the system which they had expected General de Gaulle to get rid of. The framework of parliamentary government was retained: there was to be an elected President of the Republic, a Prime Minister and Government responsible to a democratically elected Parliament, whose two Assemblies bore a close resemblance to those of the Fourth Republic.

Moderate opinion, on the other hand, was shocked by the restrictions on the powers of Parliament, and even more by the extensive powers attributed to the President of the Republic in circumstances not clearly defined, and so, in their view, without adequate guarantees against their misuse.

Dismay on the Left

THE Left, traditionally opposed to a strong President, was even more dismayed. Not only was the President to be empowered to dissolve the Assembly (as often as once a year), to negotiate and ratify treaties* and to

* Article 47. Since it appeared that the President would require a counter-signature when negotiating or ratifying treaties, these particular attributes may have been intended to be purely formal. See Article 17.

nominate the Prime Minister, but, in case of a grave and immediate threat to "republican institutions, to national independence and the security of national frontiers, or to the execution of international undertakings", to take "the measures demanded by the circumstances",* measures whose nature and appropriateness he alone was, apparently, to determine, after consultation with (though not necessarily in agreement with) the Prime Minister and the Presidents of the two Assemblies.

Such a provision could not fail to revive the fears of dictatorship, never far below the surface of the minds of French left-wing politicians. The apparent persistence of the threat to the authority of the State from certain elements in the army, as evidenced by the behaviour of the authorities in Algeria, rendered such fears even more acute. Given, say, industrial unrest, stimulated by the Communist Party (which had begun to campaign against the Constitution long before its terms were known), what was to prevent a President from interpreting this as "a grave and immediate threat to the institutions of the Republic",* and transforming himself, quite legally and constitutionally, into a dictator? Nobody outside the Communist Party seriously envisaged the possibility of General de Gaulle's seeking to do this. Indeed, to many critics of the Constitution, he now appeared as "the sole remaining rampart between the Republic and Fascism".† It seemed likely that he would be an unbeatable candidate for the post of first President of the Fifth Republic, assuming that he agreed to remain at the head of the State. But if he were to resign, or to be replaced by some less scrupulous person, the danger might be real, and in any case it might become so when his successor became President. The suggested system of election to the Presidency was also displeasing to the Left. Though the details were not included in the text of the draft Constitution, it seemed that the intention of the constitutional draftsmen was that he should be elected by an electoral college, composed predominantly of local (and also overseas) representatives, chosen in such a way as to give a permanent majority to the small-town and rural conservatism which characterized the electoral college for the Second Chamber under the Fourth Republic and was to characterize it also under the Fifth.

Overseas opinion was divided, but the newly constituted *Parti du Regroupement Africain*, led by M. Senghor, came out strongly against the threefold option for the overseas territories contained in Chapter (*Titre*) XI: either to stay as they were; to be treated administratively as part of France (presumably on the model of Algeria, or of the *Départements d'Outre-Mer*, Martinique, Guadeloupe, Réunion and Guiana); or to become members of a federation with France—a federation on terms to be negotiated between France and the territories, or groups of territories, concerned, but which, to judge by the very brief outline given in the draft Constitution, seemed to overseas opinion to be designed to enable France to remain the dominant and controlling partner. The *Parti du Regroupement Africain*, and especially its more youthful members, wanted more definite assurances that France would

* Article 14.

† Jacques Fauvet, in *Le Monde*, June 29–30, 1958.

recognize their right to independence. The more moderate *Rassemblement Démocratique Africain*, whose leader, M. Houphouët-Boigny, had been one of the members of the Cabinet Committee collaborating in the drafting of the Constitution, was less critical; but there were elements in the movement that could not be expected to remain so indefinitely, in the absence of any reference to the possibility of evolution of the oversea territories towards independence.

The precise grounds of criticism of the draft Constitution were, as was generally realized, of minor importance, if the document, as was possible, was to undergo perhaps radical changes before it was voted on in the autumn. But it was important as showing the lines along which General de Gaulle was thinking, and the extent to which he was out of touch with the majority of parliamentary opinion, from right-wing Independents to Socialists, as well as with the opinion of constitutional experts. And it was all the more important, since nobody knew how far General de Gaulle would in fact be prepared to modify the text to meet criticisms from these quarters. He had clearly already made some concessions, if it could be assumed that the principles outlined in the famous Bayeux speech of June 1946 still represented his views in 1958. For he had undertaken during the last sessions of the Assembly not to introduce a Presidential system, and to maintain the responsibility of the Government to a democratically elected Parliament. These undertakings had been respected, though perhaps more in the letter than the spirit, since the President appeared to be able to evade this responsibility in a crisis, and since the functions of Parliament were so reduced that the effective responsibility of the Government would cover a relatively small field (though admittedly one that included matters of fundamental importance, such as those concerned with individual liberties, with taxation, the penal system, the principles of economic and social legislation, &c.).

But would General de Gaulle agree to make substantial concessions? Or would he issue an ultimatum, as he had already done when the Assembly was hesitating to accept the terms of the Bill enabling the Constitution to be changed? Would he, at some point, say: "Either the Constitution as it now stands must be accepted, or I abandon the attempt to save France and return to Colombey-les-Deux-Eglises"? This was a prospect that few outside the Communist Party were prepared to contemplate, for the only alternative to General de Gaulle still seemed, in August 1958, to be a military dictatorship.

Impotence and Opposition

THE result was an atmosphere in which the political parties were reduced either to uneasy resignation or to frustrated opposition. But the persistent divisions of French opinion, and the general tendency of political parties, whether on the Right or the Left, to think along traditional lines, meant that only one combination seemed to offer any chance of effective resistance, and that was a Popular Front, which only the Communists and a small minority of Socialists and fellow travellers desired. And even that offered virtually no hope of success in face of a threat by parachute troops.

The traditional revolutionary attitudes—the call for strikes, or for some undefined “working-class resistance”—seemed so many gestures divorced from reality. Like the Constitution of the Third Republic in 1875, that of the Fifth, even if many of its most criticized provisions were retained, still seemed to most French people likely to be the form of government that would divide Frenchmen least, and would offer the best hope of saving the Republic, on condition that General de Gaulle remained at the head of the State.

General de Gaulle himself appeared to be convinced that constitutional reform was at the heart of the French problem, and even of the Algerian problem. To most of France’s allies, and to a growing number of French politicians, whatever the weaknesses of the Constitution, it was the problem of Algeria that, in 1958, constituted the main obstacle to France’s internal stability, as it also presented the gravest threat to her position as a great power. The persistence of the political and military deadlock in Algeria had gradually come to dominate the whole political stage and was paralysing almost every department of activity. At the United Nations, French efforts had come to be more and more concentrated on the achievement of a single object—the prevention of the “internationalization” of the Algerian question. French economic recovery and expansion, which was one of the most spectacular, if least publicized, achievements of the Fourth Republic, was threatened by the mounting cost of military expenditure in Algeria. French resources were demonstrably inadequate to permit France to continue the war, while at the same time building up an industrialized Algeria, with an educated Moslem population and Western standards of living, developing the resources of the Sahara, undertaking atomic research and producing nuclear weapons, and continuing and intensifying the modernization of the French economic system in order to enable France to compete with her European partners in the Common Market and eventually, perhaps, with those of a Free Trade Area.

Not only France’s European policy, but also her rôle in N.A.T.O. was likely to be affected by the course of events in Algeria. And future relations between France and the North African countries, as well as with the territories of Black Africa, which were still anxious that their progress towards independence should be achieved in association with France and not against her, were bound to be jeopardized, probably irretrievably, if Franco-Algerian relations were not improved. Yet, in August 1958, it still seemed as if the stranglehold of traditional thinking in France and the increasing intransigence of both Europeans and Moslems in Algeria might prevent even General de Gaulle from finding a basis on which to begin to seek a solution.

TWO VIEWS OF DE GAULLE

II. THE ALGERIAN

FROM the beginning of May, when three French soldiers, captured in the fighting on the frontier between Algeria and Tunisia, were shot by the orders of the rebel staff, it was not in doubt that the volley of the firing squad would unloose a revolution in Algeria, precipitate the dissolution of the Fourth French Republic and assure the re-entry of General de Gaulle on the political stage.

Algeria—for three years past the crucial problem of French politics—had become the principal preoccupation of successive French governments and had even cost some of them their lives. Through its external repercussions, on the United Nations and Sakhiet among others, it conditioned the relations between France and the allied Great Powers.

The outbreak of May 13, it must not be forgotten, took place in a vacuum of power: the Gaillard Government in fact had been put in a minority by deputies who were perturbed by the turn taken by the "good offices" mission. This popular explosion in Algeria must therefore be considered, in one aspect as a demonstration by Algerians against the prospect of abandonment by the Metropolis, and on the other as an affirmation of the national will, which had been rendered distrustful by the equivocal attitude of certain international bodies.

Setting aside these psychological factors of distrust, distress and desperate energy, it is difficult to believe—as *The Times* has penetratingly observed—that such results and such a revolution can have been achieved and made effective in a few days. It is partly by the action of a man who has sometimes been in conflict with his own political friends and with a public opinion weary of having to sustain the military effort for three years that this reversal of power has been brought to fruition. By his action the Minister, M. Robert Lacoste, had responded to two deep-seated aspirations of the Algerian populace: to remain French in a French land, and to feel itself protected against the blind assaults of the Front de Liberation Nationale.

What then were the facts of the situation on May 13, 1958?

Check to F.L.N.

"EVENTS prove that there is a breach between the Muslim population and the rebels." So, at the end of March, announced M. Maurice Papon, now Préfet de Police of the city of Paris, and at that time super-préfet of East Algeria; he was speaking to representatives of the Anglo-American press in Paris.

One of the fundamental postulates laid down by Mao Tse-Tung for the revolutionary war requires the subjugation of the minds of the people. It is necessary that they be entirely committed, wherever they are and whatever

weapons are used. It is necessary that they be detached from the governing authority; this operation of detachment must be permanent and allows of no pause (which would be a repulse), and no miscalculation (which would be a setback).

Now, applying these tests to the actual situation in Algeria in April we may deduce that F.L.N. has suffered a series of grave setbacks:

1. At that date, more than 7,500 Muslims were serving on *délégations spéciales*, 407 of them as chairmen.
2. There were 45,000 Muslims enrolled in various auxiliary units (*Harkas*, *Maghzus*, mobile squads of rural police).
3. At the end of March, when the Force Ouvrière brought together 250 delegates for the annual congress of railwaymen at Constantine, 80 per cent of these were Muslims, including a number of women.
4. The battle for petrol had been won, in spite of the threat of a front in the Sahara, which the famous Colonel Bigeard with his battalion had broken up after a fortnight of intensive operations. Since January 11 petrol has been arriving at Philippeville without the occurrence of any armed attacks by the *fellaghas*. The tankers come regularly to load up and carry away to France their precious cargo of "black gold".
5. Finally, between March 1 and the end of April about 2,000 gun-runners coming from Tunisia and convoying 80 consignments of arms, 60 of which were seized, were intercepted by the defences; more than 800 were put out of action and 1,000 fled back to their Tunisian fastnesses.

These figures allow us to measure the extent of the setbacks administered to F.L.N., which on May 13 was far from satisfying the requirement of the total command of the population; and they explain why, in certain districts, Muslims took part *en masse* in the popular demonstrations, the hold of terrorism upon them being by that time already partly loosened.

Algeria owed these results to the campaign waged for two years on a combined political and military plan which had given to the different communities grounds for faith, hope and enterprise. For long months one could watch in Algeria a prosperous development of the Algerian people. The prospects opened up by the *loi-cadre* appeared generous, just and democratic. It established absolute equality for citizens and for communities, it bestowed guarantees on racial minorities. Finally it offered opportunity and hope to all men of good will and good faith. Muslims and Frenchmen in great numbers had given in their adhesion, and some of the leaders of May 13, notably General Massu, had taken up an unambiguous position.

Checks to the efforts of F.L.N. to establish control of the population, hopeful prospects for the various communities: such then were the positive factors in the Algerian situation on the eve of May 13.

A Peaceful Revolution

TENS of thousands of French and Muslims thronging all public places, marching and shouting the watchword "Algérie Française": this is the spectacle recorded by political observers in Algeria and seen by the whole

world on the screens of the picture palaces. It was to the accompaniment of four unvarying watchwords—"Vive la France", "Vive la République", "Vive l'Algérie Française", "Vive de Gaulle"—that the chariot of the new Algeria advanced.

Though in the first hours of the revolutionary days in Algeria only Europeans shouted these watchwords, they were soon joined by Muslims who also shared this outburst of enthusiasm, a reaction of release after so many nights of curfew and suspicion. They were no longer living under siege. They relaxed; new ornamental ribbons decorated burnouses with vivid colour. Moreover, they were sure that France would not treat with F.L.N., even if a government of withdrawal wished it. The *coup du Glaoui* would not be repeated, they were assured by veteran officers of Indo-China, Tunisia and Morocco. They were unqualified Frenchmen, equal to the Bretons, the Picards, the Basques and the Provençals. They were unqualified Frenchmen, that was the promise; the leaders of the Committee of Public Safety declaimed it: "53 million French from Dunkirk to Tamanrasset." A watchword had been launched, "Integration", a word of endless incantation, which underlined and defined for ever their "equality" and the perpetuity of the bonds which were in future to unite the territories on the two shores of the Mediterranean. Moreover, this was the final uncompromising retort to F.L.N.'s "Integration or Independence".

This integration, which to some minds seems endowed with magical potency, is in fact the opposite of independence. From the first days the exiles in Cairo repudiated it, for they were very conscious that the formula would evoke a certain response in Muslim circles. Its content is precise, certainly clearer than some of the vague and arid paragraphs of the *loi-cadre*.

To this day General de Gaulle has not defined the sense and content of the term. He has held up this policy before the Committees of Public Safety, calling on them to work for the "integration of souls", and going on to speak of equality of rights and duties for the ten million French within the boundaries of Algeria. It is necessary to go back to 1955, to a press conference given by the General on the Algerian tragedy, to comprehend the thought of the head of the French Government. He declared then that only a policy of association would suffice to solve the problem. For the General association meant "either some kind of federal bond between states, like that with Morocco or Tunisia, or else, in the case of Algeria, integration in a community wider than France . . . with all the political partnership which that integration implies, supposing it to be sincerely intended". It seems that time has not modified or altered the sentiments of the President of the French Council, for it is exactly this position and these prospects that we find again in his broadcast address on July 13 last to the representatives of the overseas territories.

The sociologists of Algiers, for their part, have laid down the terms of a solution: "Seeking to unite in one indissoluble political society the territories and peoples of France and Algeria in order to establish between both territories and peoples equality of rights and duties, so as to bring about in

the long term identical standards of life", which will give reality to the equality of rights.

Such a policy involves substantial sacrifices for the Europeans of Algeria. In this connexion the night of August 4 has been recalled. The image is apt, but is the reality equally apt? This is what many Muslims are asking themselves, for it must not be forgotten that it is the continual refusal of part of the European element to admit that a single European vote may be worth less than nine Muslim votes that caused the outbreak of rebellion. Finally, one of the results of this peaceful revolution, which deserves to be underlined, is the acceptance by the two communities of the single electorate. There are still reservations: a member of the Committee of Public Safety at Algiers spoke recently of "domesticating the rule of the majority", certainly an unfortunate expression; but after the impulse of May 13 it is impossible to contemplate putting the machine in reverse.

A distinction must be drawn here: "integration" does not mean "assimilation". There is a tendency among Europeans to treat integration as the last stage before assimilation, and with some there is an unconscious confusion. For these the two terms are equivalent. Until this day, efforts had been made to harmonize the two legislatures—French and Islamic. To harmonize is not to unify, and at this point came the stumbling-block. Personal status constitutes for Muslims a kind of religion: to tamper with it would risk throwing them back into the arms of Islam.

The only solution that remains valid appears to be integration within a federal framework: to conceive of a province in its idiosyncrasy—language, customs and religion—and fit it into a more generalized framework, that of the French Republic. France today has no longer any alternative solution: to continue the military and political struggle against F.L.N. she must give effect to integration in order to remain in Algeria.

"As long as Kabyl or Arab stationmasters cannot be appointed as easily at Romorantin as at Tizi-Uzu, and as long as there is not a Muslim *sous-préfet* at Bayonne", says the colonel in charge of psychological warfare in Algeria, "our propaganda will not be able to contend on equal terms with that of the rebels." The force that, in seeking to overcome opposition, would not shrink from this solution holds the last trump: it will be jealously on guard lest the card be drawn or inopportunistly played.

The Army in Action

"WHEN the nation throws practically its whole military strength into a conflict, it owes a debt to itself to guarantee to the combatants that the cause for which they fight is legitimate and the sacrifices to which they submit are worth while. For months past it was evident that the French Army in Algeria were not convinced that these fundamental guarantees were afforded them." So wrote a senior administrator in an official report arising out of the events of last May.

For eight years the French Army has been fighting on all fronts and in all latitudes. This fact is not to be forgotten in France or abroad in analysing the

demeanour of this army today. Officers and men have endured wars beyond their power to win, notwithstanding all the heroism they have displayed and the blood they have shed, whether in Indo-China or in North Africa; they have seen territories secede almost entirely from the great French commonwealth, and bitter and sometimes extravagant nationalisms install themselves in the void left behind. They have never felt themselves to blame; in their eyes it was "the politicians" who were defeated. So, in the face of the vacillations of feeble authority, indeed of repeated absence of authority, their commanders felt it necessary to reverse the current and declare, disregarding formal legality, that this time in Algeria there would be no evacuation. It was in order to reassure and win over these officers, who had made great personal sacrifices, that General de Gaulle visited Algeria at the beginning of July. There is a characteristic story of this journey. When he visited Oran, de Gaulle was received by the Colonel commanding the depot of the Foreign Legion. This old fire-eater awaited him in the hall of honour of the Legion, in front of a huge marble tablet inscribed with the names of all legionaries who had met a hero's death. "General," said the officer, "these are all our men who have died in Syria, Lebanon, Indo-China, Tunisia, Morocco, Algeria . . . may we at last believe that they did not die in vain?" "I give you my promise", de Gaulle replied.

It is this sense of desertion, of useless sacrifice, that haunts the minds of all the soldiers who have seen their comrades fall in the paddy-fields and the *iebels*. For a long time past the world has had warning of their attitude. Two years ago M. Robert Lacoste, the Minister, told an important newspaper of the South-West: "Be sure that the Government that attempted a solution by withdrawal would provoke a violent reaction of the European community against itself." The army, which is not in Algeria to defend routine and privilege, and with all its heart desires a new—but French—Algeria, would itself share, at least morally, in this reaction. The movement of May 13, which at times wore the aspect of insurrection, was canalized and controlled by the generals and their subordinate officers, who thus averted an explosion of racial passions with all the excesses that would have followed in its train. Mastering the forces of the hour, the army deflected them to its own objective, the suppression of the revolt. Thereby it gained reinforcement towards winning the war and might hope in consequence to curtail its duration.

In this type of revolutionary warfare in which the French Army has been engaged for ten years, all resources must be combined if victory is to be assured—military force proper, moral factors, economic power. The colonels of Algiers are not ashamed to learn from Mao Tse-Tung. They have studied his methods voluntarily and indeed compulsorily, some of them having spent long months in captivity in the prison camps of Viet Minh. With the seizure of power by the army in Algeria we see its authority over the minds of the masses intensified in proportion to the increase of its responsibilities. The technique employed for this purpose in Algeria has been recently analysed by one of the officers specializing in the use of this new weapon. It may have lessons to impart to all the western nations, which, in case of a new conflict, will have the same need to confront, on their home territory,

similar subversive movements. One proposition may be enunciated at the outset: the Algerian rebels are endeavouring with greater or less success to conduct their campaign according to the rules of a revolutionary strategy worked out by the masters of the Kremlin between the First and Second World Wars; this strategy is designed to ensure the triumph of Communism. The general objective of psychological warfare is to thwart it, but the French Army, charged with responsibility for this operation, cannot apply the methods used by the Communists. That, by common consent, would be equivalent to denying the spiritual and moral values which are precisely what we wish to bring to victory. The countries of the free world are differentiated from communist and totalitarian societies by the variety of their social structures and of their professional and denominational groupings. In order to defend and articulate these groups, then, it is necessary first to train them to a consciousness of their own identity, and then to fortify their structure by finding them leaders who will breathe life into these natural groups. They must be given the most accurate instruction possible about their adversary, in order that they may understand him, and so fight him, to the best advantage.

As the result of extensive studies and inquiries, "four groups have been selected to support the structure of Algeria: the *donars*,* the young, the women, and the old soldiers. Their organization has been set on foot."

For the *donars*, leaders' training centres have been created, "to which are drafted men chosen for their natural qualities of leadership. There they learn certain indispensable administrative ideas and receive sufficient military instruction to enable them to organize their villages for self-defence and establish a small intelligence network. Intensive civic instruction then makes them ardent partisans of French Algeria. Once trained, these men return to their *donars* to convert and organize the population, which thus comes gradually to play its part in the struggle." We recognize here a familiar type: the political commissar of the Chinese Communist army of Viet Minh or of F.L.N. The ideal of this new figure is that of French Algeria.

The young too are the subject of a similar organization. Monitors are trained in Algerian youth centres and then recruit the associates of their work or recreation, in the professional institutes or the sports clubs of the various Algerian *départements*.

In the feminine field organization seems to be in a rudimentary phase. Work centres and committees were founded after May 13, but in this domain organization has to take account of the status and condition of the Muslim woman, of her lack of liberty, and above all it will have to struggle with a series of religious *tabus*. There is scope here for a second revolution, inspired by the reforms of Kemal Ataturk.

The old soldiers are by their nature easier to enrol. They are constantly brought together in mass parades to the sound of martial music; they take to administrative formalities as if made for them; their allotment of reserved places and their decorations give them a definite consciousness of being a force in the world; and so it comes about that 6,000 of them were warmly

* *donar*: the name of a group of inland communes in Algeria.

applauded by the people of Paris as they marched down the Champs-Élysées last July 14.

All these elements of the population, once organized, receive specific instruction. It is supplied "both internally and externally" to the groups defined above. Externally it is provided "by means of all the specialized modes of communication at the disposal of the army", radio, cinemas, newspapers, loud-speaker companies, campaigns to influence opinion on a prescribed theme, village debates in which the inhabitants are encouraged to take the floor. The organizers reinforce the instruction provided with their own commentaries and elaborations.

The organization and instruction of the populace are then the two prime objectives set before the special services of the Army, which in order to repel F.L.N. and win this psychological war must assure themselves of the complete psychological subjugation of the populace.

It is now easier to understand why the Army attaches such value to this idea of "integration": it is a new banner. In Muslim eyes it guarantees the permanent continuance of a France extending "from Dunkirk to Taman-rasset". Fortified in this impregnable position, Muslims realize very well that independence appears impossible, and moreover the successes gained in the battle of the frontiers and the fight against terrorism cannot but encourage them in that course. In taking up their stand for integration the military bar the road to independence and render impossible what M. Soustelle calls "disintegration". From henceforth their sacrifices will not be in vain: it is the future of the whole of France for which they contend. And it is with the certainty of victory that they do battle on the two fronts: that of the referendum and integration, and that on which they face the armed bands of F.L.N.

The Fight Continues

IF the winning of minds is one of the prime objectives of the operations of the staff on the psychological front, it is necessary to keep the fight on the military front abreast of it, for the winning of popular support depends equally on the destruction of the revolutionary armed forces. Admittedly it is impossible in a war of the Algerian type to force a pitched battle: the enemy will take good care not to expose his mass of manoeuvre in an engagement of the classical type, but on the other hand it is possible to stifle the battalions and smaller units which by the nature of the campaign he must disperse, by occupying in force the zones whence they draw their resources of manpower and material and by hunting them to extermination with units fully adapted to the purpose.

Amidst the optimism of May 13, there was a tendency in certain circles to believe that F.L.N. would disappear or at least would be rendered impotent by this psychological revolution. The political commissars of F.L.N. speedily recalled themselves to the attention of the sector staffs: after a few days of calm, which enabled them to reconnoitre the new situation, terrorist orders and convoys were circulating, ambushes reappeared, new attempts to break through the frontiers were unmasked.

General de Gaulle, having been at pains to assemble all the elements of

the confused situation on the military front, set out to explain them with his own lips to those who had spent three years hunting the *fellaghas* on the frontier or in the *jebels*. He devoted his last visit to Algeria to a thorough study of the military situation, from which the following main features emerged:

1. There is a rebel mass of manœuvre, estimated at about 30,000 men, posted in Algerian territory. The greater part of these forces is distributed into six zones, the six rebel "bases", which are, from east to west: Aures Nemencha, the peninsula of Collo, Hodna, Kabylia, Warseni and the mountains of Tlemcen.

2. The strategy of containment by stationary lines must be replaced by the seizure of initiative and an active counter-attack. In the coming weeks we shall see operations on a broad front against these "bases". To bring such a strategy to fruition another military effort must be demanded of the Army. Reinforcements have been called for by the High Command and can be provided, notably from the troops which are in process of evacuating Tunisia and South Morocco.

3. The effort of F.L.N. on the military front has been slowing down since the first quarter of this year. The engagements that have taken place on the Algerio-Tunisian frontier have cost them heavy losses. The sealing of the frontiers has made progress. The weekly statistics established casualties of about 500 killed.

"For a year", declared the military spokesman of Algiers, "we have not recorded such an impressive number of prisoners: 290 compared with 613 killed, that is to say, a third of the rebels put out of action have given themselves up voluntarily."

4. Tactically, there has been an undeniable check. The rebel staff was trying to group its bands in large units of battalion strength. It could not do so for lack of cadres fit to support the manœuvres of so large a body of men on this terrain. The tacticians of F.L.N. have not got beyond the level of the ambush and the surprise raid. Engagements are still very severe, but the primitive character of their conception cannot be concealed; ambushes are laid without attention to the field of fire, which is the A.B.C. of infantry fighting. Having burdened themselves with heavy equipment, and relying on heavy machine-guns, the forces of F.L.N. cannot develop an incisive and effective tactical plan on the terrain. The net result of a general survey is that the rebel fighting force is not so good as last year. When brought to action, it displays less offensive spirit and surrenders more easily.

Losing its grip upon the strategic plan it was labouring to apply, with its organization of units evolving on battalion scale and so increasing its vulnerability, F.L.N. has been trying in these last weeks to revert to guerrilla action: small-scale but murderous ambushes, spectacular terrorist strokes in the great urban centres, particularly in Algiers and Constantine. Thus it contrives with small losses to foster an atmosphere of insecurity and compels the French forces to be spread thinly over the ground.

Collating these elements, certain conclusions emerge. In spite of accumulating losses the enemy's fighting force is not decreasing, and the French Army

is compelled to continue its war effort. From this fact many commentators have concluded dogmatically that there is no military solution in view. General de Gaulle has certainly not been indifferent to this aspect of the problem.

The priority of the political over the military factor therefore imposes itself as a fundamental truth of this kind of conflict. For this reason combined civil and military action must work towards realizing that final ideal of "Integration". This, however, can be achieved only as a result of the forthcoming referendum in Algeria. So long as the rebel bands remain on Algerian ground, exercising moral and physical pressure on the Muslims, it will not be possible to take up a durable political position. Further, there is a risk that the process of referendum and elections will become the target of terrorist action. Hence it is the duty of the authorities now responsible for the destinies of Algeria to pursue a resolute and active strategy within the territory.

In the domain of external relations, the policy of General de Gaulle's Government will be directed to counteracting the often hostile aspects of decisions by the Moroccan and Tunisian Governments. It seems that with the latter a *detente* for mutual advantage is coming about, since the conclusion of agreements between the two Governments for the construction of the pipe-line in Tunisia to carry petrol from the Sahara.

In the light of recent events in the Lebanon and Iraq, the Algerian problem stands out in its full significance. It is a part of the rivalry that ranges East against West across the Arab lands, and reveals itself once more as a struggle maintained by the free world against the tidal race of Soviet power. Without doubt then Western solidarity appears the best reply to the imperialist ambitions of the Kremlin, for what will it avail the allies of France to take the field in defence of their advanced strategic posts if France lacks the support that will enable her to hold fast her irreplaceable Mediterranean positions?

THE ANGLICAN CHURCH TAKES COUNSEL

A VIEW OF THE LAMBETH CONFERENCE

(From an Ecclesiastical Correspondent)

THE article published ten years ago under the title "The Spiritual Commonwealth" carried as its sub-heading the phrase "Outlook for the Lambeth Conference". It was written, that is, before the Conference had started its sessions. The present article has been written during the Conference, at a point at which the main subjects under consideration have been ventilated in full session, but before the findings and resolutions put forward by the five committees are known. In any case the discussions at the Conference are confidential until the official Report is ready for release. But already it is possible to discern the main pattern which is emerging and to indicate some at least of the major points on which the Report is bound to concentrate.

At first glance no doubt one Lambeth Conference must look much like another. But closer examination reveals some significant differences. The leading positions may be occupied, as they should be, by "the old hands", men whose long experience of episcopal office in many parts of the world has won for them *auctoritas* in its true sense, the right to speak and to be listened to. But there is no doubt that the average age of the members is on this occasion lower than ten years ago; and this is in part at least due to an important fact. In the case of a number of oversea dioceses an invitation has been issued to Suffragan and Coadjutor Bishops as well as to Diocesans; and many of them are naturally younger men. This is particularly noticeable in the case of Asian and African dioceses, in which the growth of the indigenous Church is marked by the steady increase in the number of "Nationals". Of the representatives from the Province of India 50 per cent are Indian or Pakistani by birth; the same percentage holds good of West Africa; the delegation from Japan includes no Westerner.

Nor is it only in a numerical form that this shift of emphasis can be discerned. The great majority of those attending may still be representatives of the West. But there is no mistaking the fact that the centre of interest and attention shows a trend towards Asia and Africa.

Even to put it in that way may not represent accurately the real contrast between 1948 and 1958, as that is revealed in the course of discussion. The distinction between "older" and "younger" Churches is still of course real. But what is becoming steadily clearer is that the problems confronting them both are less and less distinguishable. The two great forces that have been at work in Western civilization, the scientific and the economic revolutions, are now world-wide phenomena. Their impact has been even more powerfully felt by the ancient religions of Africa and Asia than by Christianity. Their influence, at once subversive and liberating, is operating with far more

catastrophic results in countries where the rate of its advance is to be reckoned in decades rather than in centuries. East and West alike now find themselves faced with a common challenge. Can *any* religious interpretation of man's nature and destiny vindicate and maintain itself against a growing secularism, which, while it undermines the foundations of traditional faith, offers at the same moment a deliverance from ignorance, poverty, disease, malnutrition, which centuries of prayer and sacrifice and incantation seem to have been powerless to dispel? It is against such a background of fundamental questioning that any consideration of the Church's message, and any planning of its strategy, have to take place.

This has become clear even in the preliminary presentation of the main themes. At first sight they seem to fall into two broad groups.

The Bible and the Prayer Book

THERE are the issues which appear to be internal domestic concerns of the Church.

First among these is "The Authority and Message of the Bible". Here is an issue that might easily appear to be the special concern of theological scholars. And indeed the growing concentration in recent years upon biblical studies has produced a crop of highly technical problems which call for exact knowledge for their solution. But a moment's reflection on the wording of the title makes it plain that to confine consideration to the narrow range of technical questions of scholarship is to miss completely the real urgency of the situation. For what is painfully clear to any Churchman who is in touch with the realities of the situation is that, for thousands of our contemporaries, the Bible has ceased to carry any authority as a guide to personal living, still more to the conduct of public affairs; and that its message appears increasingly to be a curious survival of a view of the world and of man's nature which the advance of knowledge has rendered obsolete and unintelligible. To attempt any serious pronouncement on this theme is immediately to be confronted with the whole problem of the communication of religious truth in a world in which, at the higher intellectual levels, the very presuppositions of the biblical outlook, and even the validity of religious statements as such, are called in question; while among great sections of the common people material prosperity tends to eliminate the sense of spiritual need, or scepticism and despair to undermine hope of a spiritual solution.

The same thing is true of a second theme which falls within this first main group—"The Book of Common Prayer: Principles of Revision". Here again is an issue that might well be regarded as the preserve of the liturgical experts. But again a moment's reflection reveals how much more is at stake. It has been the glory of the Church of England to provide forms of worship which shall be "understood of the people". But those forms of worship which we use were drawn up three hundred years ago and more. Their language is in part the language of the Bible itself, in part the language, perhaps one should say the ecclesiastical language, of the seventeenth century. No man in his senses imagines that you can by a stroke of the pen

produce new liturgical forms which will at one and the same time preserve the timeless verities of true worship, and meet the radically different conditions and needs of twentieth-century man. But equally no minister of the Gospel whose intelligence and conscience are alive can be content to continue for ever the use of thought forms which are, for many of those who are asked to use them, dead forms. There is a world of difference between "This is too high: I cannot attain unto it", and "This is obscure: I cannot make head or tail of it".

The Urge towards Unity

BUT it is when we turn to the third of the "domestic" themes that the impossibility of maintaining that distinctive description becomes most apparent. Consideration of the unity of the Church is inseparable from the consideration of the Church's task. How can a divided Church speak to the need of a divided world?

It is within the sphere of plans for Reunion that the most striking advance has been made since 1948. The World Council of Churches came into being at Amsterdam in the weeks immediately following the Lambeth Conference. And the ten years that have elapsed have seen a marked growth in its effectiveness as an organ of Christian consultation, and as an instrument of Christian action. It is difficult to over-estimate the value of the work done under the auspices of Inter-Church Aid, beginning with the tasks of immediate post-war relief to the Churches on the Continent, and steadily expanding until there is hardly a Church in East or West which has not shared, as giver or receiver, in schemes of mutual aid.

The Conference of 1948 had before it the *fait accompli* of union in the Church of South India. For that reason the verdict given on that experiment was hesitant and divided. The ten years that have elapsed have gone far to dispel doubts and fears; and a number of the Provinces of the Anglican Communion have felt able to enter into more cordial relations, as they have seen the unmistakable evidence of growth in inner stability and more active witness.

Ten years later the example of South India is being followed by the Churches in North India and Pakistan, and in Ceylon. But with this difference, that in both these cases the proposals have been laid before Lambeth in draft form, with the express hope that they may commend themselves to the whole Anglican communion in a way that shall ensure no breach of fellowship between the new united Churches and one of their parent Churches. Similar proposals, in a much more provisional form, have been put forward by the Churches in Nigeria.

Nor is the urge towards unity apparent only in the Churches of Asia and Africa. Within the last two or three years two other sets of "Conversations" have been started, one between the Church of England and the Methodists, the other a four-handed one between the Church of England and the Episcopal Church of Scotland on the one side, and the Church of Scotland and the Presbyterian Church of England on the other. Both of these Conversations are at a very early stage. But both have progressed far enough

to reveal the existence of a heartening sense of determination that, difficult as the way ahead may be, they must be pushed forward.

It is, as has been said, the problem of reunion that brings into the clearest light the essential connexion between the Church's concern with its domestic economy and its involvement with the world.

Race Relations

AT its third session the Conference took up the subject "The Reconciliation of Tensions within and between nations". The subject was introduced in a speech by the Archbishop of Capetown, and this was followed by contributions from Barbados, Egypt, Arkansas (Little Rock), Melbourne, Japan, Ondo Benin, Texas, Rhodesia, Singapore, New Guinea, Jerusalem, Tanganyika, India, Uganda, Bloemfontein, Zululand. The impression left at the end of the day was that there could be very few more skeletons in the cupboard. There was hardly an aspect of national or racial conflict that was not touched on; and the speakers were men closely and directly involved in the actual situations they were describing.

Every situation presented its own particular aspect of urgency. But beneath all the bewildering variety certain main features were clearly apparent.

There is the rapid spread of industrialization throughout Asia and Africa, bringing into sharp relief the glaring contrasts between the standards of living of white and coloured peoples. There is the factor of resurgent nationalism, allied in some cases, as in the Moslem world, or even more markedly in Ceylon, with the revival of an ancient faith. There is the new and momentous phenomenon which may perhaps be called "Africanism", the emergence for the first time in that immense and diverse continent of a sense of racial or colour solidarity, in which the representatives of the less advanced areas have been awakened and fired by personal contact with leaders in other territories which have achieved a real measure of independence and power. There is the head-on collision of irreconcilables in the tension between Israel and her Arab neighbours, or between India and Pakistan. Deeper still lies the revolt of Asia and Africa against a century or more of Western domination, political or economic.

In all these situations the Church is in greater or less measure directly involved. Its influence varies greatly, from countries in which Christians may constitute no more than a tiny percentage of the population to those in which over the past hundred years evangelistic and educational work has struck deep roots into the national life, and has thrown up a considerable proportion of the leadership which now finds itself torn between loyalty to a Christian background and the overmastering claim of nationalist aspiration.

With a frightening insistence speaker after speaker reminded the Conference that in his country men were waiting with mingled hope and doubt for a clear statement of Christian judgment on those issues, on which their estimate of the moral sincerity and integrity of the West may in real measure depend.

But we were warned also that "judgment" is not the only thing needed. It is all too easy for those who attempt such judgments from the comfortable

security of many thousand miles distance to fail in understanding of the complexity of the actual local situation, and of the strains it imposes upon the men who are seeking to cope with it on the spot. No one who was present will forget the speech in which a white South-African-born Bishop presented, with an almost tragic honesty, the painful dilemma in which he and many of his friends find themselves. To take a line that forfeits neither the confidence of the African nor the support of even the most liberal Europeans is a matter of agonizing difficulty. It is indeed, as the title of this particular section reminds us, a matter not only of judgment but of reconciliation. In every one of those areas of tension and conflict the primary need is for men who possess that rare combination of qualities which Lord Samuel, in a famous epitaph on General Smuts, described as "the power to bring sagacity to the service of righteousness". Could there be a better description of the temper, at once realistic in its diagnosis, and dedicated in its concern, which alone can withstand the pressures of sentimental idealism on the one hand, and of cynical expediency on the other?

The Christian Family

THE last major subject on the agenda is "The Family in Contemporary Society". It has been said, of course with a touch of exaggeration, that it would have been worth while to hold the Conference if only for the production of the preliminary Report (under the same title) prepared by an English group in collaboration with similar groups in the United States, Canada, and India. The main Report deals with the questions of Population, Economic and Industrial Development, the Reduction of Mortality, Family Planning, Social Change, and Related Questions of Church Discipline: and to it are added four appendixes, three of which contain the material collected by the three other groups mentioned above, and a collection of special papers prepared for the consideration of the English group, which bring together relevant evidence from an even wider area covering the West Indies, Africa and the Middle East. This Report is a public document which can be obtained from the S.P.C.K. and is well worthy of study by any interested reader.

The subject was introduced in a masterly speech which brought the Conference face to face with some of the factors in the contemporary situation that have to be taken into account in any realistic attempt to formulate and present a Christian doctrine of marriage and family life.

They are of course familiar to students of the social sciences. But it may be worth while briefly to recapitulate them here. There is the problem of over-population. Here we are faced with three interlocking factors. There is the rapid growth of industrialization, which in the West, but not yet in the East, has resulted in an immense increase of material resources, making possible the maintenance of a much larger population. There is the deliberate attack launched by medical and nutritional science upon some at least of the natural checks, an attack inspired by an ethical conviction that to save every life that can be saved, to control disease, to relieve misery and want is an absolute obligation. And here it must be observed that while in the West the

effects of this second factor were not felt until after the beneficial results of industrialization had begun to operate, the same has not been true, for instance, in Asia or the Caribbean. This is the fact that invalidates some of the more optimistic estimates drawn from the analogy with the West. So grave is the situation in some Asiatic countries that the suggestion has been seriously put forward that Western medical knowledge should be withheld from them in order to avoid any further lowering of the death rate!

To these two must be added a third force, in the control of conception made possible by the application of scientific knowledge, giving rise to "family planning" and the reduction of the birth rate, in these islands, to a point sufficient to match the reduction of the infant mortality rate. Here we touch on a matter that clearly affects the most intimate personal decisions of individuals. But its significance is by no means confined to this personal sphere. For the experience of the West seems to indicate that it rapidly becomes a social determinant with important demographic consequences of its own. And it is not a long step from this to the realization that it can be used as an instrument of deliberate government policy in the determination of its social and even political programme. The modern State thus acquires a means of invading the innermost recesses of family life in the interests of a population policy.

It is not difficult to see the range and complexity of the ethical problems with which a situation such as this confronts any Church which is concerned to give guidance to the individual conscience, and to foresee and guard against tendencies which, while expedient from a sociological or economic point of view, may have far reaching effects upon the moral responsibility alike of individuals and of the state.

Nor is it difficult to see the imperative demand which follows that the Church should seek to interpret what the speaker described as "the timeless theology of marriage and family life" in terms which really take reckoning with the strains and stresses that these conditions impose upon it. In a world in which moral responsibility is increasingly threatened by biological solvents, or by the tyranny of state direction; in which any idea of an absolute and permanent obligation is undermined by the suggestion that experimentation is the clue to satisfactory solutions, the task of interpreting the *true* nature of the freedom which the acceptance of Christian marriage implies is indeed formidable.

Has the Conference bitten off more than it can chew? It must be remembered that, unlike some other ecclesiastical assemblies, Lambeth is in no sense a legislative body. The several Provinces of which the Anglican Communion consists are autonomous. They are not bound by the decisions of a central curia. But at the same time the resolutions of the Conference do carry their own peculiar weight. They are the findings of a deliberative body which has spent five weeks of continuous study and debate in arriving at them. They represent a remarkably wide range of experience and first-hand knowledge. And they are informed by a common faith and purpose which distinguishes them from the findings of other assemblies, even more widely representative.

No one imagines that in a single gathering of five weeks' duration issues of this magnitude can be settled. And indeed an earnest plea was made for the setting up of some continuous machinery which would enable the Church to maintain far more effective research and consultation than these meetings once in ten years can possibly achieve. But none the less it remains true that as the history of successive Conferences is studied, and the response of the Church to their promptings is noted, there is quite clearly discernible a steady growth in the recognition of the particular contribution which the Anglican Communion is called by God to make to the furtherance of the Christian cause, and in the cohesion and determination with which that vocation is followed.

TOWARDS A MALTESE CONSTITUTION

A LONG STORY OF VICISSITUDES

SELF-GOVERNMENT was first granted to the Maltese Islands by the Constitution of 1921, which set up a bi-cameral Legislature consisting of a Senate of 17 members and a Legislative Assembly of 32. The Legislative Assembly was wholly elective; the Senate was elective as regards 7 of its members, the other 10 representing the Church, Nobility, University graduates, Chamber of Commerce and Trade Union Council. The 1921 Constitution provided for an Executive Council consisting of such Ministers as the Governor might appoint; it also provided, being diarchical, for a Nominated Council (the Lieutenant-Governor, the Legal Adviser and an officer from each of the three fighting Services) which dealt with matters reserved from the competence of the Legislature. The Governor presided over both Councils. "Reserved matters" were broadly defined in the 1921 Letters Patent as "matters touching the public safety and defence of Our Empire and the general interests of Our subjects not resident in Malta".

It may be useful to recall in the barest outline, before we come to the present situation, Malta's constitutional vicissitudes before Mr. Mintoff's assumption of office as Prime Minister in February 1955. The 1921 Constitution was twice suspended before being finally revoked in 1936. It was first suspended in 1930 because the Maltese Bishops threatened with excommunication all those who might vote for Lord Strickland (founder and leader of the Constitutional Party) and his candidates in the impending general election, a step regarded by His Majesty's Government as ecclesiastical interference with the freedom of electors in a British Colony to exercise their political judgment. After being restored in 1932 it was again suspended in the following year on account of the support given by Sir Ugo Mifsud's Nationalist Ministry to the propagandist activities that Mussolini's Government was then pursuing in Malta with ever quickening tempo.

The 1936 (non-self-governing) Constitution of an Executive Council with *ex officio* and nominated members was replaced in 1939 by the so-called MacDonald Constitution, which in addition to the Executive Council included a Council of Government of 20 members: 8 official, 10 elected, 2 nominated by the Governor. This system continued to function until self-government was restored in 1947 in a form recommended by Sir Harold MacMichael. The existing MacMichael Constitution provides for a Legislative Assembly of 40 members elected for three years on a system of proportional representation, but it does not provide for a Second Chamber, an omission which an increasing number of responsible Maltese have since come to deplore.

The first elections to be held under the 1947 Constitution gave Malta its first Labour Government under Dr. (now Sir Paul) Boffa, a retired medical practitioner; this made way in 1950 for one formed by the Nationalists. The new Government was headed—such are the vicissitudes of politics—by the veteran pro-Italian Enrico Mizzi, who had been interned in East Africa during

the war and died in December 1950, only three months after taking office. In 1951 his Nationalist successor, Dr. G. Borg Olivier, a notary public by profession, formed a coalition with Dr. Boffa's "Malta Workers' Party"; this coalition remained in power until defeated in 1955 by the left-wing Labour leader, Mr. Dominic Mintoff,* a former Rhodes Scholar, who had been Minister of Public Works and Reconstruction in the Boffa Ministry and seceded from his chief in 1950. Shortly before this, in 1954, Sir Gerald Creasy was succeeded as Governor by Major-General Sir Robert Laycock.

A series of talks in London had been inaugurated in Dr. Borg Olivier's time between the Colonial Secretary, Mr. Lennox-Boyd, and the Maltese Prime Minister and Leader of the Opposition on proposed constitutional changes. The Nationalists wanted Dominion status and the transfer of Maltese affairs from the Colonial to the Commonwealth Relations Office; neither party was satisfied with the British counter-proposal for their transfer to the Home Office. In 1954 the British Government suggested the holding of all-party talks in London, a suggestion accepted by Mr. Mintoff on assuming office in February 1955.

The Project of Integration

MR. MINTOFF now put forward the proposal that Malta, while retaining its local autonomy and legislature (with power to legislate on all matters other than defence and external affairs), should be "integrated" with the United Kingdom and be represented in the House of Commons by at least three members chosen in accordance with United Kingdom electoral laws. The British Parliament's reaction to this novel proposal proving generally sympathetic, the Prime Minister (Sir Anthony Eden) announced that a Round Table Conference representing all the British political parties would be convened for its consideration. This conference of 17 members (which included Lord Attlee, Mr. Aneurin Bevan and Mr. Clement Davies) held twelve plenary sessions in London and three in Malta under the Chairmanship of the Lord Chancellor, Lord Kilmuir. It concluded that Maltese representation at Westminster was "practicable and reasonable" and recommended its acceptance by the United Kingdom if also accepted by the Maltese people.

A referendum to ascertain the wishes of the Maltese was held in February 1956, somewhat prematurely as was thought by some. Out of 90,343 votes cast, 67,607 voted for integration, 20,177 against, with 2,559 invalid votes. As the names on the electoral register totalled 152,583, the number of those who refrained from voting reached the substantial figure of 62,240. It was assumed that most of the abstentions were due to the misgivings of the Church, which, if not openly hostile to the plan, was certainly not articulate in its favour. Obviously, too, the implications of the proposal far transcended purely constitutional issues: they involved the entire Maltese economy, with inevitable changes in the standard of living and with other economic consequences for good or ill which were difficult to forecast. Terms such as "parity" and "equivalence" became part of Malta's political vocabulary.

* A variant of the name usually spelled Mintuf, which is the Maltese word meaning 'plucked'.

Those who for one reason or another opposed Integration as propounded by Mr. Mintoff argued that the poll, although showing a favourable majority *of those voting*, had certainly not resulted in the clear, unmistakable overall majority envisaged as requisite by the Round Table Conference. The British Government shared this view to the extent of deciding that Maltese electors should have another opportunity to pronounce themselves on so fundamental and controversial an issue. In March 1956 Sir Anthony Eden wound up a debate on the subject in the House of Commons by announcing the Government's intention to implement the Round Table Conference Report in a Bill to be drafted in two parts, the first to contain a new Constitution for Malta, the second to deal with Maltese representation at Westminster. But the opportunity would be given to the Maltese people to decide once more on Integration at a general election, to be held in Malta before the United Kingdom Bill finally became law.

The position, then, by the middle of 1956 was that under the constitutional arrangements proposed by the Round Table Conference and accepted by Her Majesty's Government the Maltese people would be represented, if they so decided in a general election, by three Members at Westminster. They would keep their own Legislative Assembly with an enhanced measure of autonomy since a single Maltese Government would take the place of the existing Diarchy; only a reduced number of matters, mainly concerned with foreign affairs and defence, would remain the exclusive responsibility of the Parliament and Government of the United Kingdom. The Maltese Government would retain responsibility for taxation in Malta until such time as the Maltese economy was held to have reached a level comparable with that of the United Kingdom.

Meanwhile discussions between Her Majesty's Government and Mr. Mintoff's Administration continued with fluctuating fortunes on the constitutional, economic and financial aspects of the Integration policy. Here the perennial difficulty remained: the conception of "economic equivalence" which Mr. Mintoff had been holding out to his supporters as the indispensable accompaniment of Integration and sought to impose on Her Majesty's Government. Negotiations were heading towards a deadlock when, in April 1957, a new element of difficulty was injected into the situation by the visit to Malta of the British Minister of Defence. Mr. Sandys's announcement that the changes in British defence policy and their consequential cuts in defence expenditure would affect the dockyard, Malta's greatest single employer of labour, created serious anxiety despite the reassurance in the Minister's statement that in any future war Malta would no longer be, as she had been in the last, "in the very centre of the European battle area". The anxiety was real, widespread and justified, for over 13,000 Maltese are in regular employment in the dockyard out of a national total working population of just under 83,000, and are the wage-earners for a very considerable proportion of the total population. The average dockyard hand did not know if his job might not come to an end by the end of the year; and representatives of all classes in the country, including the parish priests, passed resolutions pressing for a guarantee of alternative employment if the dockyard

were to close down. Much anxiety would have been allayed, and the occasion for much mischievous propaganda averted, had it been possible for the Minister to produce, at the same time as he made his announcement, a clear-cut scheme for dealing with the resultant problem of unemployment.

Two Resignations by Mr. Mintoff

IN the following month the Secretary of State for the Colonies, Mr. Alan Lennox-Boyd, put forward a new proposal designed to avert the threatened deadlock. While adhering to the Integration policy, and to "equivalence" of the Maltese economy and standard of living as an ultimate aim, he proposed an experimental period or trial run of five years for the Maltese economy to approximate itself to that of the United Kingdom. During this period the British Government would afford economic assistance towards the attainment of this object, consisting of a grant of £25,000,000 over the five years; assistance with educational, health and other social services based on a percentage of what the Maltese were able to do for themselves; and an obligation to help if unemployment rose above the British level in consequence of defence cuts. During this period Maltese representation at Westminster would remain in abeyance.

Even so, Mr. Mintoff was not satisfied. On December 14 he tendered his resignation owing to a difference of opinion with a section of his supporters in the General Workers' Union, but withdrew it three days later; and he then raised the cry of independence as the alternative if he failed to obtain Integration on his own financial terms. The Nationalist Opposition, which had combated Integration, proved quite ready to support the converse alternative, for on December 30, 1957, their representatives in the Legislative Assembly voted for Mr. Mintoff's resolution threatening severance of the link with Britain, which was passed unanimously and with acclamation in the following terms:

That, as the British Government is not prepared to honour the obligation assumed by that Government, in the declaration of July 1955, to avoid unemployment, the representatives of the Maltese people, in Parliament assembled, declare themselves absolved from their pacts and obligations towards the British Government, and from those so far assumed towards the Allies of that Government—this position to obtain for so long as the British Government fails to guarantee that the number of persons employed by the said Government in Malta shall not decrease before there is "alternative employment" for those discharged.

On this inauspicious note ended the year 1957, despite the patient efforts of the Government in London and of Sir Robert Laycock and his advisers in Malta to bring the protracted and often vexatious negotiations to a happy issue. The latter's task thereafter was made no easier by a Circular issued in February, 1958, to Heads of Departments and all other Malta Government employees forbidding them on pain of disciplinary action "to make any verbal or personal contacts on any official matter with any member of the other side of the Diarchy" without the personal permission of the Minister concerned. In April these orders were extended to cover "any official matter or otherwise". Thereby was created the anomalous situation that the island's

officials subordinate to the Mintoff Administration were ordered to boycott those of the Maltese Imperial Government not only officially but socially, even to the extent of declining the Governor's invitations to dinner. To the credit of the officials be it added that the embargo was far from being universally observed, while Ministers continued to seek direct personal contacts with the Imperial side of the Diarchy whenever it suited them to do so.

In 1608 one of the greatest and most innovating painters of the Seicento, Michaelangelo Merisi, better known from his birthplace as Caravaggio, spent some months of his short and disordered life in Malta, employed by the splendid, vigorous and art-loving Grand Master Alof de Wignacourt. Notwithstanding the Grand Master's generous protection the 35-year-old artist soon made Malta too hot to hold him. He was put in prison, escaped and died in Italy within two years. But in the meantime Malta and the world had become the richer by two pictures which he painted for St. John's Conventual Church in Valetta, the great Beheading of St. John the Baptist and the smaller St. Jerome. In 1956 these pictures, which had never before left the walls for which they were painted except to be put in a place of safety during World War II, were sent to Italy in a British man-of-war for restoration and for display at the exhibition of seventeenth-century art held in Rome during the winter of 1956-57. Of this exhibition, indeed, the larger picture provided the central attraction.

At the close of the exhibition the pictures were brought back to Malta, again in one of Her Majesty's ships, but on arrival, to the general astonishment, were forcibly impounded by the Maltese Government on Mr. Mintoff's orders without previous notice and conveyed to the Museum despite vigorous protests from the ecclesiastical authorities. The Mintoff Government had clashed with the Church on other matters, but there had been no inkling that its unpredictable leader had ever contemplated the transfer of these pictures to civil custody or the use of unilateral high-handed action to bring it about.

The state of tension with the Church created by this and other subjects of disagreement persisted for another year, that is to say until April 1958, by which time Mr. Mintoff, now ready to break with the British Government, decided to clear the decks by making his peace with the Archbishop. As abruptly as he had seized the Caravaggios did he return them to St. John's, at the oddly chosen time of 1 a.m. on Sunday, April 20. On the following day statements were issued from the Archbishop's Palace and the Prime Minister's office declaring that good relations between the Government and the Church had been restored. That evening, April 21, Mr. Mintoff handed his resignation and that of his Cabinet to the Governor.

A Governor without Ministers

THE dramatic events of the next three days were described to the people of Malta in the following broadcast made by Sir Robert Laycock on April 24:

A constitutional crisis has arisen in Malta and I want to tell you how this situation came about and what it means.

Last Monday evening, Mr. Mintoff tendered to me his resignation. He refused

to form a caretaker Government but agreed to remain in office until I had tried to find an alternative Government.

But before Mr. Mintoff came to see me, he had already told the people of Malta over the Rediffusion that he and his colleagues no longer wanted to remain responsible for public peace and order in Malta.

Yet in spite of this statement Mr. Mintoff remained Minister of Police. In other words, he remained the Minister responsible for law and order. As such he issued certain orders to the Commissioner of Police during the disturbances last night.

If these orders had been carried out the police would have found it very difficult to do their duty. They would have been at a grave disadvantage. Now the Commissioner of Police knows that I alone as Governor am ultimately responsible for your safety. He told me what Mr. Mintoff had ordered and he said that if these orders were carried out, his men would not have been able to do their job.

The Commissioner of Police asked me what he should do. I had not the slightest doubt that Mr. Mintoff's orders were a threat to the public safety and might bring innocent people into danger, and so I told the Commissioner of Police not to carry out those orders.

This morning Mr. Mintoff recommended to me that the Commissioner of Police, Mr. Vivian de Gray, should be dismissed. To this I refused to give my approval.

Last evening, as you know, I consulted Dr. Borg Olivier and he informed me that he was not prepared to form a Government. This afternoon, I asked Mr. Mintoff to see me again. He came with all his Ministers and we spent two hours together. He failed to convince me that he was prepared to give the proper assurances that he would maintain law and order and I therefore accepted his resignation.

So the people of Malta are now without an elected Government, and I, the Governor, am without Ministers. I have been forced into a position where I have had to take over control of the Administration, and I want to tell you now just what this means.

First of all the Legislative Assembly will be dissolved and there will be a general election at the earliest possible moment.

Secondly, the Commissioner of Police, Mr. Vivian de Gray, remains in command of the Police Force. I can tell you now that everything will be done to ensure the preservation of law and order and public safety in Valletta and indeed throughout these islands. I trust that there will be no more disturbances and that the elections will be held in complete freedom as they should be in a law-abiding community.

Thirdly, I want to make it quite clear that the salaries of civil servants and Government employees will continue to be paid without interruption. There will be no crisis over finance or employment.

I appeal to you, therefore, to remain calm, to maintain law and order, and to go about your day-to-day business as usual.

Once again I want to say with all the emphasis I can that I am determined to get things back to normal without delay. I want to repeat that free elections will be held at the first possible moment.

Finally, I want to assure you all that the British Government and people have nothing but good will for the people of Malta and will do everything they can to see that you have a peaceful, happy and secure future. As Her Majesty the

Queen's Representative in Malta I make that statement without reservations of any kind.

The same day were issued Proclamations dissolving the Legislative Assembly and prohibiting for a fortnight the holding of public meetings and demonstrations in Valletta and Floriana. From various statements made public after the Governor's broadcast it became clear that acceptance of the Ministry's resignation was made inevitable not over the financial problem, which could probably have been solved, but by Mr. Mintoff's persistence in his irresponsibility as regards the maintenance of law and order. By attempting to cripple the effectiveness of the police in the face of organized disturbance he hoped to drive the Governor to the invidious action of calling out the troops.

A post-war phenomenon from which Malta is not immune is the Teddy-Boy. A one-day general strike called for April 28 by the General Workers' Union as a "national protest" gave these and the late Prime Minister's more lawless supporters the opportunity for widespread rioting in which they demolished walls to make barricades and road-blocks, dislocated traffic, destroyed cars and other property and stoned the police. One of the mobs wrecked and set fire to Zabbar police station. Nor was illegal action confined to the mobs. These received their instigation from above: two members of the Mintoff Cabinet, Dr. Hyzler and Miss Barbára, were convicted of intimidation and had their sentences of imprisonment upheld on appeal. The police, no longer impeded in the performance of their duty by political pressure, behaved magnificently and with great restraint in the face of violent and sustained provocation.

In consequence of this disorder, whereby relatively small but carefully organized gangs of hooligans interrupted the lawful occasions of the vast majority of peaceful citizens, the prohibition of the holding of public meetings and demonstrations was extended for three months and applied to all Malta and Gozo. Another Proclamation declared a state of emergency which enabled the Governor to assume wider powers for the maintenance of public order and safety. The Archbishop condemned violence in a timely broadcast.

An Erratic Leader

THE sorry story of the Mintoff Ministry's relations with the British Government reveals two things: it reveals on the part of the former an unhelpful aggressiveness; a deliberate avoidance—by advancing new demands as others had been conceded—of coming to terms; attempted blackmail by threats to offer Malta elsewhere. It reveals sustained patience and forbearance on the part of Mr. Lennox-Boyd in London and of the Governor, the Lieutenant-Governor (Mr. Trafford Smith) and the other members of the Maltese Imperial Government in Malta. In his studied rudeness to the Governor Mr. Mintoff, scorning the ordinarily accepted canons of official intercourse, struck a note particularly discordant in Malta, where to a Latin tradition of good manners crystallized under the Knights of St. John is added the practice of the protocolaire inter-Service courtesies of an Imperial and N.A.T.O. base. There was no justification for these attitudes, for the

financial aid given and offered is generous; at both ends the authorities are energetically seeking ways and means to commercialize the Dockyard. With reason and goodwill on Mr. Mintoff's part the immediate future of the Maltese islands could by now have been mapped out according to a happy and harmonious plan.

The blame for the failure must be laid squarely on Mr. Mintoff's unpredictable and erratic temperament. This has been a misfortune for Malta, for the man is able, energetic, immensely hard-working, a good administrator and skilled in his profession of architect and civil engineer, two sciences and activities which are conjoined in Malta both as a faculty of the Royal University and in professional life. He has undoubtedly helped to raise the standard of living of the Maltese workers. On the other hand he has injected some new and hateful elements into Maltese politics: class hatred, party bias in making government appointments, the political misuse of trade-unionism, and latterly mob violence and sabotage. He has been openly accused of benefiting his relatives in the award of tenders.

A political exhibitionist, Mr. Mintoff is anti-democratic (in the Western sense) in that he has denied to the other political parties time on the air such as he took at will on behalf of his own Government. In unduly favouring his own party in this and other ways he has set a bad example and a dangerous precedent. He is a classic instance of the corrupting effect of power, for he has degenerated into a despotic Minister and inflammatory rabble-rouser, who in a published letter addressed last May to one Michael Pissas, Secretary of the Cyprus Workers' Confederation, acclaimed Archbishop Makarios as one "whose name has become for the workers of Malta a synonym for freedom".

The vagaries into which his irresponsibility can lead him are well illustrated in what became known as the Rediffusion poles affair. On August 11, 1956 it became necessary for the Imperial side of the Diarchy to issue a warning over Rediffusion (a public utility company operating under Government licence) that some flying-boats would shortly be landing in Marsaxloqq Bay in connexion with the evacuation of British civilian families from Egypt. The warning was designed for the security of the local fishing craft and, being concerned with defence and with civil aviation, both "reserved" matters, fell within the responsibilities of the Maltese Imperial Government.

Mr. Mintoff, on learning of the notice, gave orders that it was to be revoked, also over Rediffusion, on the grounds that he had not approved it and that it was no concern of the Imperial side of the Diarchy. But since the matter was urgent as affecting the safety of the fishermen, seeing that the flying-boats might arrive at any moment; as the Prime Minister declined to make himself available for discussion; and as it was unacceptable that the Maltese Government should cancel a notice issued by the other side of the Diarchy on a subject clearly within the latter's competence, the warning was not countermanded. At 8 o'clock on the following morning the enraged Prime Minister had a number of Rediffusion poles taken down and the wires cut by government workmen under the personal supervision of the Director of Public Works. The Rediffusion Company, whose services were thereby

put out of action throughout the greater part of Malta until matters were arranged *tant bien que mal* several days later, threatened to sue the Maltese Government for the damage incurred; and this particular outburst of their Prime Minister's temper ultimately cost the Maltese £14,000, paid to the company under a formula generously devised to save Mr. Mintoff's face.

Equally irresponsible in another way is Mr. Mintoff's alternative to Integration—"independence". More than two thousand years of Malta's history have demonstrated that the Maltese archipelago cannot ever be completely independent: nature, geography and economics must make it impossible that it should stand completely alone. It cannot feed itself, defend itself, pay its own way. Mr. Mintoff's "independence" can mean one thing only, a change of protector or of allegiance. And only one Power would be willing to step in if Great Britain were to leave—Russia. Is that what Mr. Mintoff wants? Who knows? But it is not what the Maltese want, temporarily dazzled as some of the masses may be by the glamour of the word "independence".

On May 29, 1958, after the population had enjoyed a month of return to peace, sanity and order under the Governor's direct administration, Sir Robert Laycock flew to London for what looked like being the most pregnant discussions of his term of office. Their outcome, the Maltese expect, will decide the immediate future of their Islands. What nobody except the hard core of the Mintoffians, and perhaps some of the Nationalists, wants is a preservation of the existing Constitution and early elections with the probable return (if with a reduced majority, since his recent violence has lost him considerable support) of Mr. Mintoff. Among those who, it is assumed, would suffer severely in such a case are the police and the Civil Service, who have done their duty during the present provisional régime, which is obviously for them, in view of Mr. Mintoff's vindictive character, a period of considerable difficulty. Just how strong Mr. Mintoff's following is at the moment it is difficult to say, but his party is certainly the most compact and articulate and the best disciplined.

The Nationalist Party is certainly not the first or the last of these, with Dr. Ganado challenging the leadership of Dr. Borg Olivier. Its political pro-Italianism of before the War having become an anachronism, it has no constructive programme; and Dr. Borg Olivier has shown himself to be concerned mainly with his personal precedence and prerogatives, thereby nearly wrecking Maltese participation in the Coronation celebrations. While in office he accomplished precisely nothing, and on leaving it also left behind him thousands of files undealt with. The other political leader, Miss Mabel Strickland, battles gallantly as head of the Progressive Constitutional Party, which is strongly based on the maintenance of the British connexion; but she will do so at a disadvantage as long as the future of the Dockyard remains a source of anxiety to the working classes. Integration is for the present in the background.

What many people with a stake in the country hope for is not the suspension but the abolition of the MacMichael Constitution, and a political moratorium of perhaps one, two or even three years under something like

the MacDonald Constitution, during which time there could be worked out a new self-governing Constitution with adequate safeguards against a repetition of the events of last April. Such a Constitution should, it may well be thought, include a Second Chamber with adequate powers and contain other safeguards such as provision for enabling the Governor to take over the police in cases of proved necessity.

The words of Pindar have a close relevance to the end of the Mintoff administration:

ῥᾶδιον μὲν γὰρ πόλιν σείσαι καὶ ἀφαιροτέροις·
ἀλλὰ ἐπὶ χώρας αὐτῆς ἔσσαι δυσπαλὲς δὴ γίγνεται, ἐξαπίνης
εἰ μὴ θεὸς ἀγεμόνεσσι κυβερνατὴρ γένηται.*

Postscript.—The above article was at press before the announcement made by Mr. Lennox-Boyd and Sir Robert Laycock in the House of Commons and Malta respectively on July 31 that immediate arrangements were being concluded for a commercial company to take over the Dockyard, the heavy cost of conversion being almost wholly borne by the British Government, and that representatives of the Maltese political parties would be invited to come to London in November to discuss Malta's future constitutional arrangements.

* It is an easy thing for even a slight man to shake a city, but to set it firm again in its place this is a hard struggle indeed, unless with sudden aid God guide a ruler's hand.

WASHINGTON'S MISSED HOLIDAY

MOUNTING ANXIETIES OF THE ADMINISTRATION

THERE was a time when summer's humidity and the early adjournment of Congress produced a period of rest and tranquillity in Washington through July and August. That was before the days of air-conditioning, before a heavier workload kept Congress in session until mid-August and before Washington became a world capital.

In the years since World War II there has been no such seasonal let-up, and this year has emphatically been typical of the new routine. Indeed, unsettlement after unsettlement has beset the Eisenhower Administration, Congress and the public this summer.

Who would have predicted last spring that late June would disclose a case of alleged "influence" exerted toward a quasi-judicial commission from the very pinnacle of the Eisenhower Administration, with a self-made industrialist by the name of Bernard Goldfine boasting of how frequently he had given gifts to and telephoned presidential assistant Sherman Adams, General Eisenhower's civilian chief-of-staff?

Who would have anticipated that the economic recession, deeper than any business setback since the big war, would not only be "bumping along the bottom" in late spring but would begin to taper off by summer in an improvement in business confidence and a steadiness of consumer income which, some economists felt, might develop into a rather rapid recovery by the end of the year?

And finally, who would have forecast that, less than two years after the Suez crisis which failed to topple President Nasser as the ambitious champion of Arab nationalism, American and British forces would be landing in the Lebanon and Jordan in an effort to stabilize friendly régimes threatened by Nasser's machinations and the onrushing nationalistic tides?

Yet these were the major events which kept Washington humming, and which are having their varied impact on the fortunes of the United States' two political parties. This November the entire membership of the House of Representatives, and one-third of the Senate, will be chosen at the polls; and the political forecasting and maneuvering begins, of course, many months ahead.

The predictions as of now are that the Democrats will win handily in November, and that they have sufficient issues in their favor to generate something close to a landslide. Estimates are that they may pick up between twenty and forty new House seats, in a body which now stands at 233 Democrats to 198 Republicans. In the more narrowly held Senate (49 to 47) the Democrats may add seven or eight Senators to their advantage.

These heady prospects can of course be overturned before election day. A shooting war, or a tense confrontation with the Soviet Union in the Middle East, could cause voters to rally behind their Commander-in-Chief, the President. Or the rebound from the recession could be so rapid as to aid the

Republicans. But in the normal course of events the fact that the recession is not likely to make a quick reduction in the unemployment rolls, now totalling $5\frac{1}{2}$ million workers, plus the fact of persistent farm discontent (though agricultural prices are rising), plus American chagrin at discovering how far the Soviets are ahead in the Sputnik-missile race, plus the Goldfine-Sherman-Adams "mess in Washington", will all militate against Republican prospects.

Significant this year is the unusually large number of Republican incumbents who, for one stated reason or another, have decided not to run for re-election. They already total twenty-three in the House, over 10 per cent of the party membership. This does not mean, as some Democrats gleefully predict, that the Republican Party is disintegrating. But it does indicate the uphill battle it faces, and the reorganizing and the rejuvenation that must be initiated after this year's campaign, if the party is to be fit and vigorous for the presidential contest in 1960.

If the Democrats should win 270 seats in the House this would bring them into virtually the power position they occupied in the famous "New Deal" years. It would mean that the northern, liberal, wing of the party possessed such strength that it could dispense with most of the Southern conservatives and all of the Republicans, and still command a majority. This could transform, to a degree, the whole political orientation of Congress, where usually the ultimate control resides in a coalition of southern Democrats and regular Republicans, a control that keeps overly-liberal and New-Dealish proposals from becoming law.

Control of the House by northern liberals could mean the passage by Congress of such "liberal" legislation as the school construction bill, reduction of income taxes on the lower wages, easier mortgage and credit terms, public power programs including more funds for the construction of nuclear-powered generating plants, and extended social security and health insurance coverage.

With President Eisenhower likely to veto legislation of this sort, a larger deadlock could develop between Congress and the President, such as even the middle-road Democratic leadership in the Senate, which has cooperated extensively with the Administration, might not be able to pass by. Any exact analysis of how the parties will stand in strength after November must await, however, a final verdict by the voting public on the Administration's conduct in the Sherman Adams case, the Middle East drama, and the recession.

The Sherman Adams Case

THE executive editor of the *Washington Post*, J. Russell Wiggins, has written "There is no gift a grateful constituent can give a public man that will be worth as much to him as the ability to say truthfully that no gift was ever given him." Unfortunately American political *mores*, unlike British practices, have countenanced gift-giving to public men. The touchstone usually has been: "Did the giver, by his actions, actually secure favorable and partisan treatment from the government?" Sometimes it has been difficult definitely to prove cause and effect.

General Ulysses S. Grant, the civil war hero, as President accepted the most lavish bestowals from the railroad moguls and the developers of the West; he granted big favors in return and sadly discredited his Administration. President Thomas Jefferson on the other hand scrupulously rejected every present, and handed gifts from foreign countries' governments over to the government. President Eisenhower has received numerous gifts from industries and well-wishers, of cattle, tractors and agricultural equipment, for his Gettysburg Farm; there is no suggestion that the donors expected any dividends except in the coin of favorable publicity. But in the Sherman Adams case, the question is clearly whether this powerful "deputy president" did in fact exert improper influence—whether, to accommodate his friend, he sought to sway decisions within the regulatory agencies.

Mr. Adams has been entrusted throughout the Eisenhower term with Administration policy toward the quasi-judicial agencies, which dole out lucrative licences for radio and television stations (Federal Communications Commission), which police merchandising policies such as the proper labelling of fabrics (Federal Trade Commission), which supervise issuance and promotion of securities (Securities and Exchange Commission), and the like. He has picked replacements for commissioners who have resigned or been forced out. Democrats charge the Administration with hand-picking appointees with a view to impressing the supposedly non-partisan commissions with Republican philosophy.

Certainly, under the circumstances, a phone call or inquiry from Presidential Assistant Adams would carry special weight. Personally this former governor of New Hampshire is an austere, frugal-living, hard-working, dedicated official. A certain arrogance and impatience with politicians has not endeared him to office-holders and office-seekers demanding access to the President. He has been described as "the abominable no-man". He has passed on every paper, proposal, appointment and office memorandum before it reaches the President's desk. He has been as thoroughly General Eisenhower's "right hand" as Stonewall Jackson was General Lee's. What has amazed both friends and opponents is how this spartan individual, who never hesitated to advise the prompt departure of the few other Republicans in high ranks charged with conflict-of-interest conduct, could have permitted himself to be lodged under such a shadow of suspicion.

The companies of the gift-giving, "name dropping" New England industrialist, Bernard Goldfine, a Russian immigrant, had been in trouble before both the Federal Trade Commission (for alleged mislabelling of fabrics) and the Securities and Exchange Commission (for giving insufficient information on securities). Mr. Adams did in fact telephone or make contact with each of these agencies and ask questions concerning Mr. Goldfine's problems.

Whether the subsequent action taken by the agencies—a "compromise" solution or an abated penalty on agreement by the company to behave in the future—was "routine", or whether an agency was moved to handle Mr. Goldfine's affairs with special leniency after the telephone call from the White House, is the controversial crux of the issue. As of this writing President Eisenhower has worked out the answer satisfactorily in his own mind. He

sees Governor Adams as guilty of misjudgment or indiscretion, but nothing more.

Whether or not Mr. Eisenhower eventually decides that Mr. Adams should resign, the political damage has been done. The Republicans no longer can use the claim that they "cleaned up the Truman mess" in Washington. Democratic oratory is already referring to the "Eisenhower-Nixon-Adams" administration. The Democrats will be further scandal-hunting up through 1960, sniffing into airline awards, into charges of defense contract "favoritism", into conflict-of-interest behavior. Simultaneously, the Republicans will make every effort to show that Democrats in Congress also peddle influence, write partisan letters to the Federal Communications Commission and throw their weight around in seeking to influence T.V. station authorizations.

The long-range effect of all this has been to persuade Americans to ask themselves; "What is the shape of public morals today?" Americans live in a lavish age, when the businessman's expense account (entitling him to income-tax deduction), the calculated business gift and the misuse of influence are all intermixed. The conflict-of-interest statutes, which specify under what circumstances a government official may have investments in or dealings with private firms, are deplorably out of date. The effort in the months ahead should be to draw up articulate codes of conduct which assure—and this is the touchstone—that each and every citizen has equal right before the government, including the regulatory agencies. There is no assurance however that Congress will get down to the business of modernizing the conflict-of-interest laws or do more than talk for the record about new codes of ethics in government.

The Middle East Intervention

THE stunning *coup d'état* in Iraq, coming on top of the civil war in the Lebanon, has served to relegate the Adams-Goldfine problem to the inside pages of the newspapers.

Suddenly the Eisenhower Administration found itself facing what seemed to be the stern necessity to "do something" to halt the disintegration of the whole Western fabric of alliances and strong points in the Middle East. The decision to land Marines in Lebanon and to support the British parachute troop landings in Jordan won a virtual 100 per cent endorsement from the general public. But the Democratic leadership in Congress has made plans for a full-dress review of foreign policy shortcomings in this churning region, as revealed over the past decade: a review to be undertaken when crisis days are past.

The complexity of the issues has produced a complexity of comment. Pentagon officers lament the fact that the British-French invasion of Egypt in 1956 was not permitted to wipe out, once and for all, the threat of Colonel Nasser. Thoughtful Senator William Fulbright, Arkansas Democrat and author of the Fulbright scholarships, has reasoned that the basic cause of American policy failure is that "We have never made the fundamental policy

decision as to whether Arab nationalism—epitomized in Nasser—was a force with which we should try to work, or a force we should oppose.”

Secretary-of-State John Foster Dulles maintains that if the United States, at the moment of the Iraqi coup, had stood idly by, or merely sought a pious resolution from the United Nations, then not only Lebanon and Jordan would have been toppled but every small government from Morocco to Southeast Asia would have felt imperilled. Somewhere the line had to be drawn against “indirect aggression”, Secretary Dulles insists, or no small nation would have dared again to stand firm against infiltration and intimidation. No small country would believe it healthy to be a friend of the United States. No small ally would regard alliance with Washington as anything but the slenderest reed.

Mr. Dulles believes that these smaller governments now have been reassured, by the speed of the American reaction in the Middle East. But Washington readily admits that the landing of the Marines could not, of itself, begin to solve the vast problems of the Middle East. It could not prescribe what should be done in Lebanon and Jordan to create conditions under which the Marines could be withdrawn without loss of face and with mission accomplished. It could not separate the aggressions practised by Colonel Nasser in the name of Arab nationalism from the legitimate aspirations of the twentieth-century Arab world.

Secretary Dulles would contend that the events in Iraq, Jordan and Lebanon were all instigated by Colonel Nasser and that Nasser is egged on and supplied by Moscow. Other students of the problem regard this as an over-simplification. Senator Fulbright reasons that what is happening is not the loss of the area to communism but its gradual hand-over to Arab nationalism.

Western diplomacy, in these circumstances, can at least seek to channel the tide of nationalism, to deflect it here and there. It can negotiate with it and make successful commercial treaties with it. To seek to stem the current tides in the Middle East and to restore the *status quo ante* would require more troops than the British and French used at the Suez landings. And there would again be the risk of sabotaged pipelines and oilfields.

If the recent run of events had not divided the Middle East so rigorously into pro-Western and anti-Western régimes—and this was due in part to Soviet inroads, in part to the repercussions of American support for Israel and in part to Dulles diplomacy—the overturn in Iraq would not have seemed such a savage blow to Western prestige.

Washington has finally realized that Arab nationalism is quite evidently stronger than its own Middle East doctrine, stronger than the Baghdad Pact. Washington's Middle East doctrine, which laid stress on aid against Communist attack and military-assistance programs, did not reach or touch the motivations of Arab nationalism. Secretary Dulles, preaching the perils of Moscow, did not seem—for long months—to understand that the passionate mobs and the patrioteer colonels were in the grip of a quite different force, and that they found their chief hero and champion, not in the Kremlin, but in Cairo.

Walter Lippmann once suggested that Cairo might become one of the world's great capitals. Already President Nasser, whose own country is an overpopulated "have not", is reaching for the petroleum-rich "have" areas. The basic question that Washington diplomacy faces today is, really, whether to let the process continue—to "let the dust settle"—until all the Arab oil sands fall under the flag of the United Arab Republic.

The desperate difficulty with any such policy is that Washington feels strongly that Colonel Nasser is an opportunist, an agitator and a ruthless empire-builder, who will not be content until he has brought all of North Africa and all of the Middle East to the borders of Turkey under his sway. If only the champion of Arab nationalism were someone other than Nasser!

The United States is determined to support every non-Nasser force in the Moslem and Arab world: Bourguiba in Tunisia, the Prime Minister of the Sudan, the Shah of Persia, the leaders in Morocco, Turkey and Pakistan. But as Senator Fulbright says, it is having a tremendous difficulty in deciding whether to come to terms with Nasser.

Washington recognizes that the basic, essential need is to preserve Europe's—Britain's—oil sources. Conceivably an "oil users' association" would discover—as the canal users discovered after the Suez crisis—that business can still be done at the same old stand, come what may. Iraq still needs Western markets for its oil, so do Kuwait, the shaikhdoms and Saudi Arabia. The Soviet Union is too nearly self-sufficient to be a trustworthy oil importer. Mutual self-interest should promote the maintenance of the oil trade between the Middle East and Europe.

Somehow, soon, a complete overhaul of American Middle East policy is due. Secretary Dulles has enjoyed few successes in this region. But a *successful* overhaul may have to await a change of Administration in Washington, and a new face at the State Department.

United States of America,
August 1958.

WATERS OF STRIFE

THE DISPUTE IN THE INDUS BASIN

THE long-standing dispute between India and Pakistan over the division of the water resources of the Indus Basin has taken more than one new turn since it was described three years ago in *THE ROUND TABLE*.^{*} It has lost none of its urgency. Even the last six months have witnessed several of those upsurges of ill-feeling between the two countries which have, with depressing regularity, punctuated the course of the dispute, and sometimes threatened the success of the efforts that the World Bank has been making since 1952 to arrange a peaceful settlement. The Bank, however, has continued, patiently and persistently, to exercise its "good offices"; indeed, at the time of writing (July 1958) Indian and Pakistani representatives are again meeting—this time in London—under the Bank's aegis, to explore new proposals for an accommodation.

The technical background against which the dispute is set was surveyed in the *ROUND TABLE* article already mentioned; but certain features of this background require further explanation if the present-day views of the opposing parties on the issues involved are to be understood in other parts of the Commonwealth.

Broadly speaking, the partition of the Indo-Pakistani sub-continent introduced for the first time in 1947 a political factor into what had been, until then, the straightforward engineering-cum-financial problem of developing the water resources of the Indus Basin for the benefit of the millions of people who live in that area, or who are ready to move there if and when profitable agriculture becomes possible. This problem had occupied the attention of irrigation engineers for three-quarters of a century, with the result that the available water resources had been surveyed, and plans for their effective utilization had been drawn up. Certain of the more costly plans, like that for the great Bhakra Dam on the Sutlej, were postponed until funds became available; but there is scarcely a project now in execution, or under consideration, by Indian and Pakistani engineers for the utilization of Indus Valley waters which was not worked out, and assigned its place in the general development of the area, by their British predecessors. Even for the impressive Bhakra-Nangal scheme—the pride of independent India—estimates complete in every detail lay ready to hand.

Probably because the development of the Indus Basin was planned as a unity, those who planned it could afford, as they thought, to give priority to the more convenient and more immediately remunerative projects. Great tracts of government land in the south of the old Punjab province offered better prospects than land farther north, slightly higher, less easy to irrigate and often in private ownership. The result was that, when the political

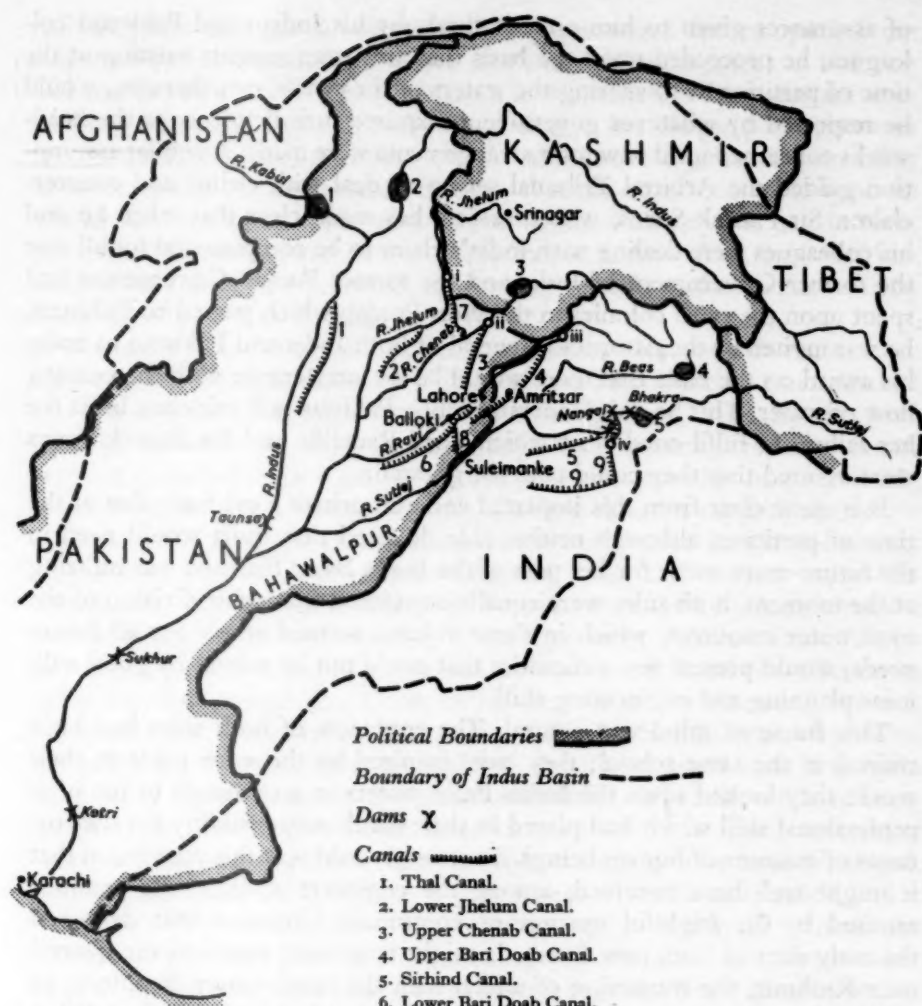
^{*} See "Dividing the Waters", *THE ROUND TABLE*, No. 179, June 1955, pp. 240-8.

boundary between India and Pakistan came to be drawn in 1947, Pakistan found herself with 18 million acres of irrigated land in the eastern Indus Basin while a mere 5 million acres of such land went to India. Yet India's population in her part of the Indus Basin is only fractionally smaller than the number of Pakistanis on adjacent irrigated land; and this population lives on 35 million acres of land obviously ripe for development. Along with this large undeveloped area, partition gave India control of head-works on the upper waters of the Ravi and Sutlej rivers from which came most of the water for Pakistan's flourishing canal colonies.

Many people have condemned the alleged "careless handling" of the Indus waters question at the time of partition without troubling to ascertain the facts. Among them is Mr. David Lilienthal, of Tennessee Valley Authority fame, whose immediate detection of the explosive potentialities of the canal-waters dispute, in the course of a chance visit to India in 1951, led directly to the World Bank's offer in 1952 of "good offices", for which the entire Commonwealth, as well as the immediate parties to the quarrel, have cause to be profoundly grateful. The record of what was—and was not—done at the time of partition is of more than historical interest: it has a direct bearing upon the attitudes of India and Pakistan today. Each country, indeed, offers a different interpretation of the fact that the partition-plan made no specific allocation of Indus Basin water resources. India argues that the absence of any specific allocation means that Pakistan must be taken to have acquiesced tacitly in India's exercise, for her own urgent needs, of her newly-acquired control over the upper waters of the three eastern rivers of the Indus Basin; while Pakistan asserts that this same omission proves that India's control and use of these rivers remains subject to a "servitude", of the kind well-known to lawyers, based upon Pakistan's prior use of the water and position as a lower riparian State. Reams of paper and millions of words have been devoted by both sides to the justification of their respective points of view, which have been so hardened by years of angry polemics that they have assumed the rigidity of articles of faith. The student of Indo-Pakistani relations will not fail to note that the approaches thus initially adopted to the canal waters dispute by both sides are the antithesis of those taken up over the Kashmir quarrel, where it was India who first stood, as it were, on the letter of the law, while Pakistan rested her case on broad, human considerations.

Unrealized Assumptions

WHAT really happened at the time of partition about the Indus Basin water furnishes a saddening instance of the un wisdom with which human affairs are sometimes conducted. Lord (then Sir Cyril) Radcliffe, who was chairman of the commission set up to arrange the physical details of partition, naturally perceived that the new political frontier would cut across such unitary services as railways, power supplies and canal waters. But he also suggested the remedy, which, as he pointed out in his report, lay in arrangements for joint control and maintenance of services that were too valuable to both parties to suffer interruption. Meanwhile, on the strength



Political Boundaries ———

Boundary of Indus Basin - - - - -

Dams X

Canals ———

1. Thal Canal.
2. Lower Jhelum Canal.
3. Upper Chenab Canal.
4. Upper Bari Doab Canal.
5. Sirhind Canal.
6. Lower Bari Doab Canal.
7. Upper Jhelum Canal.
8. Balloki Suleimanke link.
9. Bhakra Canal.

Headworks o

- i. Mangla.
- ii. Merala.
- iii. Madhopur.
- iv. Rupar.

Reservoirs ●

1. Warsak—Under construction.
2. Darband—Potential site.
3. Diangadh—Potential site.
4. Lurgi—Potential site.
5. Bhakra—Under construction.

of assurances given to him unhesitatingly by his Indian and Pakistani colleagues, he proceeded upon the basis that any arrangements existing at the time of partition as to sharing the waters of the canals, or otherwise, would be respected by whatever government acquired jurisdiction over the headworks concerned until new joint arrangements were made. A similar assumption guided the Arbitral Tribunal set up to deal with claims and counter-claims. Sir Patrick Spens, who presided, has made clear that when he and his colleagues were dealing with India's claim to be compensated for all that the former Government of India and the former Punjab Government had spent upon the canal colonies in the West Punjab which passed to Pakistan, he was invited by the Attorneys General of both India and Pakistan to make his award on the basis that there would be no interference with the existing flow of water. This he did. Understandably, Pakistan still criticizes India for her failure to fulfil conditions which Lord Radcliffe and Sir Patrick Spens were assured that they could take for granted.

It is quite clear from this impartial and authoritative evidence that at the time of partition, although neither side doubted that India would need in the future more water for her part of the Indus Basin than she was utilizing at the moment, both sides were equally convinced that a fair division of the total water resources, which in sheer volume seemed ample for all future needs, would present few difficulties that could not be solved by good will, joint planning and engineering skill.

This frame of mind was natural. The engineers of both sides had been trained in the same school; they were inspired by the same pride in their work; they looked upon the Indus Basin waters as a challenge to the high professional skill which had placed in their hands responsibility for the fortunes of millions of human beings. So strongly held was this conviction that it might well have survived, among the engineers at least, the passions aroused by the frightful upsurge of communal bitterness that darkened the early days of both new States. It might even have survived the quarrel over Kashmir, the connexion of which with the canal-waters dispute is, as will be shown later, associative and sentimental rather than practical. What it could not survive was the almost wantonly irresponsible action of the East Punjab Government, which on April 1, 1948, cut off water supplies from those Pakistani canals which were fed from the headworks of Madhopur on the Ravi and Ferozepur on the Sutlej. The physical effects of this action were serious enough: for five weeks a million and a half acres in Pakistan received no water; thousands of cultivators were faced with starvation. Far more serious were the psychological effects on Indo-Pakistani relations at a time when bitter feeling had sprung from other causes. Mr. Nehru, it is true, forcefully overrode the pettifogging argument of local Indian Bumbledom that "water dues had not been paid, so water must be cut off"—as though a sovereign succession-State could be equated with a former defaulting peasant—and restored the flow. But the harm was done. Pakistan's trust in India's good intentions had been shaken; the vulnerability of her own position had been tragically demonstrated. Suspicion and fear have ever since run, like a thread of angry crimson, through the pattern of Pakistan's approach to the

various plans that the World Bank has put forward for composing the dispute. She has been led to believe that her only security lies in insisting that she has an absolute right (which indeed international lawyers are now inclining more and more to endorse) to receive her old pre-partition water supplies; and to demand insurance and re-insurance against the possibility of future damage to her interests in a way that has taxed the ingenuity of the World Bank teams in their work of mediation. This attitude has, in turn, provoked impatience, and hardened opinion, in India, where the belief that Pakistan is "dragging her feet", and trying to delay a final settlement by every expedient, is now firmly rooted.

The catastrophe of April 1948 led to a *modus vivendi* which might have obviated much future difficulty if relations between the two countries had allowed it to be interpreted with the necessary give-and-take. By an agreement signed on May 4, 1948, the East Punjab Government gave an assurance, without prejudice to its legal rights, that it had no intention of withholding water from the West Punjab without allowing time for tapping alternative sources, while the West Punjab Government recognized the natural anxiety of the East Punjab Government to develop areas that needed water. Unfortunately, disputes soon broke out between India and Pakistan over the precise nature, scope and meaning of the agreement. Pakistan stood fast on her claim to receive an uninterrupted flow of water as of old, offering to refer it to the International Court of Justice, where Mr. Lilienthal, for one, thought that she would most likely win the day. But he, like others who were studying the question, saw clearly that the purely legal view was quite inadequate as an answer to the great issues involved. India, while refusing to go to the International Court, asserted that Pakistan, by the agreement of 1948, had waived any exclusive rights that she might once have possessed; India firmly challenged the legal arguments on which Karachi relied, and at the same time pointed to the dire need of her own people in the Indus Basin. Matters continued in this uneasy position, with dangerous tension between the two countries whenever there was a water shortage due to a bad monsoon, until the World Bank came forward to proffer "good offices" in 1952.

Plan of the World Bank

REFERENCE to the article in THE ROUND TABLE of June 1955 will remind readers of the main outlines of the World Bank's plan for giving Pakistan the flow of the three western rivers—Indus, Jhelum, Chenab—and allocating the flow of the three eastern rivers—Ravi, Beas, Sutlej—to India. This allocation was to be subject to the supply by India of water to Pakistan during a transitional period, provisionally estimated at five years, during which time link canals were to be built in Pakistan (and paid for by India "to the extent of the benefit derived by her therefrom") to bring across, from west to east, the water needed to replace the supplies that Pakistan would gradually cease to draw from the eastern rivers. India found in the plan most of what she wanted, although it entailed a heavy financial burden and meant renouncing any right to use the upper waters of the Chenab to supplement the water of the Ravi—a project that seemed to promise well.

She promptly accepted the plan. Pakistan, although the allocation was estimated to give her 80 per cent of the annual flow of the Indus Basin rivers as against the 20 per cent that would go to India, had grave doubts about the effect of such an absolute division on her interests. She knew that, for irrigation purposes, what matters is not the total quantity of water that passes through a tract of country, but how much of it is usable at the time when it is needed. Averages of annual flow mean little except on paper, as anyone rash enough to venture across a stream in spate, relying on the calculations of its annual average depth, would quickly discover. The doubt that worried Pakistan was whether it was in fact possible to make use of the water the plan assigned to her in the way in which the World Bank team had assumed: excess flood water is no good to her as a substitute for controlled supplies available when she needs them. She refused to accept the plan pending fuller investigation of its consequences. In the event, her misgivings were so far confirmed by the findings of independent hydrological experts that in 1956 the World Bank found it necessary to draw up an *aide-mémoire* which introduced important modifications into its original suggestions. It was clear, the Bank said, that even the proposed transfer of flow-supplies from west to east by link canals would leave Pakistan faced with winter shortages of a severity and duration which the Bank could not regard as "tolerable". The remedy, on the basis of the original allocation of the rivers, lay either in the continued delivery to Pakistan by India of "timely water" from the eastern rivers; or in the construction of storage works on the western rivers to be paid for, like the link canals, mainly by India. India, for her part, did not much like either suggestion; she wanted the eastern rivers for her own needs; and the addition of the cost of storage works to the cost of link canals would greatly increase her financial liability. Pakistan felt that even the new proposals would leave her with little water for development and reclamation. The latter need had already become very urgent, because she is losing 100,000 acres a year through the rising of alkaline salts to the surface of irrigated land—a process that can only be checked by really abundant water supplies. Moreover, as the World Bank had come to recognize, Pakistan's water-storage potential is very limited owing to difficulties of terrain; and the little that exists she would like to reserve for development, rather than for replacing supplies cut off by India.

Both countries, however, agreed to continue working along with the World Bank, which hoped that by March 1957 some comprehensive scheme could be formulated on the basis of suggestions received from each side about the plan as modified by the *aide-mémoire*. Provisional allocations of water to keep Pakistan going were agreed with India; but friction arose whenever India tried to reduce Pakistan's allocations *pari passu* with her own withdrawals if a bad season restricted the flow of the eastern rivers. Pakistan became more and more restive under the feeling that India, as it were, "had her by the throat"; she complained that even when water did come it often came at the wrong time, so that not only her peasants but even her city-dwellers in Lahore suffered: and that her indents for water were "averaged out" by including flood water far in excess of her capacity to use; while when

she needed water, she was told that she had been given all that she was entitled to claim. No comprehensive plan emerged by March 1957. India, who was rapidly going ahead with her schemes for the use of water to be stored in the great Bhakra dam on the Sutlej, accused Pakistan of "dragging her feet" and delaying a settlement. In August 1957 an official statement in the Delhi Parliament warned Pakistan that by 1962, when the Rajasthan canal and the Sirhind "feeder" would be ready, India could no longer delay taking all the water that she needed from the eastern rivers. Pakistan retorted that this statement was a threat to her security, and indeed to her existence; and that even under the original Bank plan, which India had accepted, water supplies ought to come to Pakistan from the eastern rivers until proper replacement arrangements had been made at India's expense. She formally complained to the World Bank. A bitter controversy arose between the two countries over opposing interpretations of the Bank's views, as well as over conflicting suggestions put forward by each side for arbitration either on broad principles or on matters of detail. Even so, the personal exertions of the Bank's team prevented a total breakdown; and both countries agreed that the "good offices" should continue.

The Quarrel over Kashmir

AT this point, the canal-waters dispute became involved in the quarrel over Kashmir, which Pakistan, greatly to India's exasperation, had succeeded in bringing once more to the attention of the Security Council, with the result that certain sections of international opinion were expressing themselves both forcefully and critically in connexion with the stand that India had taken. Although the Kashmir question shares with the canal-waters dispute the unenviable notoriety of constituting the main stumbling-block in the way of good relations between India and Pakistan, there is little direct connexion between the two when they are viewed with detachment. But in fact such detachment is rare in India and Pakistan today. The geographical truism that Indian control over certain tracts of Kashmir makes it theoretically possible to interfere with the flow of the Jhelum and Chenab bulks large in Pakistan's estimates of the danger to herself latent in India's position in Kashmir. In practice, the prospects of such interference are almost inconceivably remote, because no water withdrawn in Kashmir from the Jhelum or Chenab could either be brought to India or used in Kashmir; but to the Pakistani mind the possibility presents itself as one more aspect of the comprehensive stranglehold which India's position in Kashmir could enable her to exercise. On the other side, India keenly resents the action taken by the "Azad Kashmir" Government, protected by Pakistan, in pressing forward with a big project for a dam, a power station, and a reservoir covering 100 square miles at Mangla, where the headworks of the Jhelum canal system are already in existence. In India's view, "Azad Kashmir" is part of Kashmir State under rebel control encouraged by Pakistan; in the autumn of 1957 she protested to the Security Council against what she described as an attempt to divert the resources of Kashmir for the benefit of Pakistan. Pakistan retorted that the project would greatly improve the economy of "Azad Kashmir",

in addition to facilitating agricultural and industrial development over a wide area, and that it would do no more harm to anybody's interests than the Banihal tunnel and other improvements to communications which India was effecting in her own part of Kashmir. These exchanges, and India's resentment at international criticism of her Kashmir policy, served only to increase bad feeling on both sides, and to make the "good offices" of the World Bank more difficult, because the engineers of both countries who were trying to work out technical details for an agreement were, in the last resort, bound by the instructions of governments, which had to take account of uneasy and excited public opinion. Possibly for this reason, it was found impracticable to negotiate a new interim agreement for water supplies from India to Pakistan to cover the period from October 1957 to October 1958, owing to sharp differences of opinion about which country should pay for the construction and operation of certain link canals which Pakistan held were not part of any general replacement plan.

The financial aspects of any such plan as that suggested by the World Bank in its original proposal as amended by the *aide-mémoire* have now begun to loom very large among the difficulties that must be overcome before a settlement can be reached. Apart altogether from India's natural reluctance to add to the financial burdens she is shouldering in her Second Five Year Plan by incurring expenditure of a very high order on canals and storage works in Pakistan, it has now become a matter of some doubt whether it would be within her capacity to raise this kind of money even if she were eager to do so. For this reason, early in 1958, the World Bank, it is believed, began tentatively to explore some alternative approaches to the problem. Would it be possible, for example, for India to continue to supply "winter" water from the eastern rivers, so that the replacement works to be constructed in Pakistan need deal only with the less costly and more easily-handled problem of "summer" water? Or, if India were allowed to tap the upper waters of the Chenab to help out the Ravi through a tunnel at Mahru, so that she could transfer this water to the Beas through an enlargement of the existing link, could she not continue Pakistan's "traditional supplies" from the old sources without any harm to her own development plans?

Hopes of a Solution

ATTRACTIVE expedients such as these, which really require for their success the kind of friendly co-operation between India and Pakistan in the use of Indus Basin water resources which Lord Radcliffe and Sir Patrick Spens were led to postulate at the time of partition, seem to be ruled out at this stage of the dispute by the mutual suspicion and distrust that now mark Indo-Pakistani relations. The idea of complete separation of the water resources has bitten deep into the imagination of both countries; and, no matter what the cost, it is along that line that the best hope of a solution is to be found.

In May of this year, representatives of India and Pakistan sat down in Rome with representatives of the World Bank to consider estimates for constructing the necessary replacement canals and storage works in Pakistan. The

Indian representatives thought the estimates too high; both sides agreed to meet again in London in July. It is believed that a revised plan is now under consideration which would scale down costs to India from £430 million to about £250 million; but it seems to hinge on bringing India's reductions of water to Pakistan into relation with Pakistan's replacements as they become available. Although under this scheme it would be some time before total replacement could be effected, India's acceptance would bring steadily nearer the day when the eastern rivers will stand at her complete and absolute disposal.

The price of agreement would perhaps demand some small slowing down of India's development plans, and a waiver by Pakistan of her absolute claim to her "traditional water". India would need assurance that, after a fixed interim period had expired, Pakistan will demand no water at all from the eastern rivers; meanwhile, Pakistan will require a guarantee that, so long as replacement work proceeds as quickly as is physically possible, India will withhold no more water from Pakistan than can be made good from other sources. If agreement on such lines were reached, the World Bank could, no doubt, take the lead in persuading Commonwealth countries, the United States and Western Germany to assist India and Pakistan to obtain the necessary capital funds.

This would be a small price to pay for the composition of a dispute which can at any time flare up into a serious threat to peace. It is only a matter of weeks since Pakistan complained that India had broken her undertakings about interim water supplies by so reducing the flow into seven canals that spring sowings over more than 2 million acres were damaged; to which India retorted acidly that it was not her fault that natural supplies were abnormally low, and that if Pakistan had really been in earnest in building link canals her cultivators would actually be better off than those in India, where supplies had been deliberately reduced in order to honour the undertaking to Pakistan. Violent attacks were directed against each country in the press and from the platform of the other; tension grew rapidly. At the time of writing, feeling is still bitter. But both India and Pakistan will be the losers if impatience and mistrust are allowed to frustrate the new efforts which the World Bank is making in London to move forward towards a solution of the problem.

UNITED KINGDOM

MR. MACMILLAN'S RECOVERY

IT is hard to say exactly what decides the timing and magnitude of the oscillations in a Prime Minister's reputation. What is staggering is the unanimity with which the columnists pronounce their sentences on the Government's conduct. In the last three months whoever disposes of the authority of public opinion has reached the conclusion that Mr. Macmillan is not merely a success but a saviour.

It is true that this is not quite so big a revolution as might be supposed. The Prime Minister has always stood very well with the House of Commons, and there has been no evidence of anything that might fairly be called hostility towards him in the country. Among the students of form who stand on the fringes of politics and write about them in the papers, however, he has had an ambiguous and somewhat changeable reputation. They soon discovered that there was a stream of sprightly adjectives which could be applied to him, and that they made gayer reading than those which spring to the lips at the spectacle of Mr. Butler. He had from the first a pronounced line, not of policy but of public relations, a line which, it was felt with increasing apprehension after a while, might be a shade too sophisticated for the masses, but which it was pleasant to describe. He was calm, disinclined to hard work, polemics and dramatic gestures, believed that time was on his side, and strove generally to give an impression of power gracefully and easily exercised. Whether he was helping to settle a strike or being Mr. Khrushchev's pen-pal the effect was the same, a combination of imperturbable charm and invincible firmness. As the months passed and a series of powerful Ministers resigned from the Government, doubt began to dawn about the efficacy of this line: everything clearly depended on the surrounding circumstances; the question began to be asked, "Is his inactivity really masterly?" The Prime Minister's easy manners would be hard to distinguish from irresponsibility if things continued to go from bad to worse. Suddenly the doubt has been dispelled, and the phrase "a policy of drift" has been thrust back into the journalistic sub-conscious where it was just beginning to stir ominously.

There are of course explanations of this. The country's economic position has improved, the by-election results have made good reading, the strikes have ended on terms so unintelligible as to make it impossible for anyone to say that the Government has been defeated, the banks have been allowed to lend people more money and England has won the Test Match rubber. An advocate of anything so gloomy as exact justice in these matters might nevertheless be inclined to ask whether Mr. Macmillan deserves all the bouquets he has been receiving. After all, the principal events of the last quarter have been in the foreign field and the sailing has been far from smooth. Britain's decision to send troops into Jordan following the *coup d'état* in Iraq

did not encounter the difficulties met by the Suez venture in 1956. The U.S.A., having sent troops into Lebanon themselves, were not in a position to rebuke us; and the Labour Party, though it maintained a decorous opposition, had learnt from Suez the dangers of overstatement. The people at large have never been averse from military gestures provided they are successful. Mr. Macmillan's assets were therefore large, but viewed from a coldly objective standpoint recent transactions in the Middle East cannot easily be represented as an unqualified success. To move into Jordan when Iraq was already lost looks very like shutting the stable door after the horse has gone. The ambivalence of British policy was further emphasized when Britain recognized the new government in Iraq. It is not yet clear who will get the best of the ensuing wrangle about where, when and why the Summit talks should take place.

In reality, no doubt, British policy in the Middle East is consistent. Its object is to protect the area against Russian domination while not appearing to obstruct the progress of popular forces, and trying wherever possible to detach those forces from their dependence on the Soviet Union. In revolutionary situations, there are two ways in which this can be done, either by intervening in time to stop the revolution and making reforms the condition of British support of the established régime, or by letting the revolution happen and then embracing the successful revolutionaries. Which of these policies is adopted in any particular territory depends largely on the speed and accuracy with which the Foreign Office is informed of the current state of its affairs. There is nothing surprising about our having to do one thing in Jordan and another in Iraq. Furthermore, interventions that might appear to be somewhat haphazard have acquired something like a theoretical justification from the doctrines improvised to cover the British withdrawal from Suez. The habit of sending troops into foreign countries in order to withdraw them and install contingents from the United Nations in their place has become one of the themes of British foreign policy. It is, however, a confusing manoeuvre, which cannot easily be explained on a popular platform or readily made the subject of a patriotic lyric or a militant music-hall song: "We don't want to withdraw, but, by jingo if we do" . . . doesn't even scan. That Mr. Macmillan has been able to win quite a large measure of popularity by a policy so complicated is almost entirely the result of his skilful presentation of himself. The point is that the operation has been entirely free from the dramatic elements of the Suez crisis: whatever has been done or left undone has been done or omitted easily.

At home the same thing applies. Mr. Macmillan has suddenly refused to yield to those critics who have urged him to pursue a clear-cut and easily explicable policy. His task has been to control conflicting forces in a precariously balanced economy: the problem has been, as it always was, to decide exactly the right moment for expansion and exactly the right moment for restraint. These decisions depend on extremely complicated calculations and unerring judgment of probabilities; the whole policy demands rapid shifts of position and is open to the charge of vacillation; once subordinated to electoral considerations, to the demand for what is easily defensible, its

whole essence is destroyed. Such a policy cannot be adequately expounded; if it wins popular support, and it requires a large measure of continuous support from the trade unions, it will not be because of any compelling qualities of its own. It must be accepted or rejected on faith, a faith inspired or not inspired by the Prime Minister. It is these reasons of policy that make Mr. Macmillan's success in projecting himself so valuable to the Government.

Strikes

THE industrial unrest recounted in the last instalment of this history reached a temporary conclusion in the period now under review. The threat of a general transport strike following on the London bus strike was averted by an increase of 3 per cent in the wages of railwaymen, to come into force from the end of June; here the unions had got less than they wanted and rather more than the Government wanted them to have, at a rather later date than they would have liked. The concession was accompanied by the usual allusions to hypothetical economies which it was hoped would pay for it. The essential success for Mr. Macleod, the Minister of Labour, however, consisted in his having isolated the formidable union leader, Mr. Cousins, in connexion with the protracted London bus strike. This strike eventually ended on terms that had the merit of humiliating no one. The London busmen contented themselves with the 8s. 6d. increase which had been awarded to them and with a promise that the Green Line busmen would have their claims investigated, a promise accepted on the tacit understanding that the investigation would lead to an increase. Five shillings was eventually awarded to these country busmen in the London service. The seasonal dock strike and the prolonged controversy over the rates of drivers in the Smithfield meat market were also the subjects of amicable settlements. Workers in the electrical contracting industries got a 4 per cent increase without a strike. The net effect of all this was that the Government had succeeded in restricting wage increases to an average of 3 per cent. At the end of May the cost-of-living index went up two points to a record figure, but shortly afterwards it fell by one point. Here again the Government could maintain that rough stability was being preserved. To the purists this was not enough; those who, like Mr. Peter Thorneycroft and the colleagues who resigned with him, thought of inflation as an evil spirit to be exorcized rather than an aspect of original sin to be suffered with patience and mitigated by prayer, might think the Government's policy weak; but Mr. Macmillan and his colleagues, basing themselves on the assumption that inflation was a thing to be controlled rather than abolished, could reasonably have pride in their successes. By keeping money moderately scarce, and mixing bonhomie with obstinacy in their dealings with the Trade Unions, they appeared to have won peace with approximate solvency. More important than that, they had succeeded in conveying without melodrama the point that the trade unions were in danger of becoming over-mighty subjects. The long-drawn-out struggle between Mr. Cousins and Sir John Elliott of London Transport had aroused no particular enthusiasm for either participant; but Mr. Macmillan had emerged as a benevolent, long-suffering umpire and Mr. Macleod, who plays

politics like bridge, and is yet regarded as an honest man, had put Mr. Cousins in the centre of the arena with the searchlights full on him; the result, as Mr. Macleod had no doubt calculated, was not at all pleasing. Even had the popular press not got hold of a bill from the Randolph Hotel in Oxford incurred by Mr. Cousins and his retinue in the course of their campaign for the rights of underprivileged busmen, the impression produced would still have been one of uncompromising fanaticism and disregard for the public's interest.

The Credit Squeeze

OF all the things that have alienated the natural supporters of the Tories in the middle classes, none has had more effect than the restrictions on lending arising from the successive increases in the bank rate and the arrangements made with the banks to discourage borrowing. No accurate idea of the importance of this aspect of policy to the Government's reputation can be got from mere economic analysis. Innumerable small businessmen and traders up and down the country have been injured by it in their pride as much as in their pockets; they have depended in the past on the good will of the banks, on the possibility of short-term loans to cover difficult times and on the certainty that their cheques would not be dishonoured if kept within the bounds of reason. The credit squeeze altered this atmosphere completely. It was, needless to say, as uncongenial to the banking houses, with their tradition of civility and forbearance, as it was to their clients. The banks have always resented being denied their natural occupation of lending money against good security, and have particularly resented this restriction at a time when they saw evidence of extravagance in the public sector of the economy. At the end of May the bank rate was reduced from 6 to $5\frac{1}{2}$ per cent, in the third week in June to 5 per cent, and in the second week in August to $4\frac{1}{2}$ per cent. At the same time, the credit squeeze in its application to banking was formally abandoned. A new system inaccessible to the lay intelligence, by which the Bank of England would be able to keep some check on the lending of other banks, was introduced but the general intention was that the banks should be free again to decide by ordinary commercial standards on the proposals submitted to them.

By the middle of the year the gold and dollar reserve was in a better state than it had been since the Tories came back to power. The danger now seemed to be of a slump through inadequate expansion. Mr. Thorneycroft, Mr. Powell and Mr. Birch, whose resignations from the Treasury seemed so damaging a few months ago, now looked rather silly. The impression of course was wholly false: it is more than likely that, when the full story comes to be told, it will seem that these resignations warned the Government at the psychological moment of the danger of too much relaxation. Mr. Heathcoat Amory, the new Chancellor of the Exchequer, spent a considerable time in carrying out the policies recommended by Mr. Thorneycroft, though in a less pedantic manner than he had suggested. In any case, the need for restraint has not yet passed: the annual autumn crisis is almost certain to make some tightening essential. If the Government can bring this about without going

back on their renunciation of the credit squeeze, the impression will be given that things are getting better rather than worse, and this is the most that can be hoped for.

The Little General Election

FIVE by-elections in one week in June, even before the removal of the credit squeeze, encouraged the Government. But for past failures the results would not have given so much pleasure as they did. The Tory vote fell in all these seats, but not so seriously as was expected and above all no Liberal candidate succeeded in interposing himself, in respect of votes won, between the representatives of the two main parties. In St. Helens, which was held by Labour, the Tory vote declined by only 0.4 per cent. There was a heavy decline in the Socialist poll at Weston-super-Mare. This was gratifying rather than brilliant, but Tory hopes began to run high when the Gallup polls revealed that, if all the assumptions on which they were based were correct, the Tories would get back to power at a general election.

The Opposition

THE Labour Party has been able to do nothing effective to counter Mr. Macmillan's successes. Its own unity is at present not seriously in danger in spite of latent divisions. It has continued to peddle the new version of its domestic programme, nationalization accomplished by devious ways and justified by new arguments. A pamphlet on education and a new statement of Labour's industrial policy have both struck a note of moderation. The new socialism, however, remains an intellectual phenomenon. Foreign policy, after Mr. Macmillan's successful visit to America and his timely visit to Athens, has yielded much less than was expected in spite of Middle Eastern complications. Altogether, this has not been Mr. Gaitskell's summer.

The Constitution

BY deciding in July not to accuse the London Electricity Board of a breach of privilege for threatening to sue an M.P. for libel in respect of statements made by him in a letter to a Minister, a letter already classified by the Committee of Privileges as a proceeding in Parliament, the House of Commons showed an unusual restraint in the vindication of their rights. This reversal of a normal tendency was approved by the Press, which is sensitive about parliamentary privilege and tired of having its luminaries reprimanded at the bar of the House for invading them. The Electricity Board, having had its trespasses forgiven, forgave him who had trespassed against it.

The long-awaited creation of life peers yielded a list which was neither shocking nor inspiring. The Labour Party overcame its objections to the extent of nominating four peers. The ladies included Mrs. Walter Elliott, who has deserved well of the Conservative Party for many years, and Mrs. Barbara Wootton, whose intellectual distinction gave her a title to which sex is no longer a bar; the gentlemen included Sir Ian Fraser, the blind veteran who has earned the respect of all parties.

It would be foolish to predict how long Mr. Macmillan's popularity will remain at the point which it has reached. It is certainly more than a gift from the heavens. He has taken the important negative decision to keep his home policy within the framework that used to be contemptuously called Butskellism, and has shown outstanding skill in manœuvring within these limits in a manner that tends constantly to enlarge them. Abroad, he has neither defied the necessities of a series of peculiarly difficult situations nor abandoned himself to them. He has carried out a policy singularly hard to expound by winning confidence in himself rather than in the content of his decisions. It is even said that long-term planning within the party, the biggest deficiency in the past, is being slowly and discreetly pressed forward. The loyalty he has shown to his henchmen is at present being rewarded: Lord Hailsham has passed from slump to boom, benefiting from the surrounding circumstances and from a timely moderation of his speech and gestures; to say that the Foreign Office is not what it was has become as conventional and inoffensive as the same remark about *Punch* used to be, and Mr. Selwyn Lloyd seems to have acquired a prescriptive right to his office.

The autumn is coming and happiness such as has been Mr. Macmillan's recent lot never lasts for ever; but this is all the more reason for not begrudging him his hour.

Great Britain,
August 1958.

NORTHERN IRELAND

THE immediate post-election situation presents politics in probably the most interesting light in which they have been seen since the founding of local self-government in 1921. The return of Northern Ireland Labour to Parliament and its recognition as Her Majesty's Opposition, the first time that the title has been conferred on any party, is one obviously broadening factor; another of potentially greater importance is the continued waning of Nationalist conviction and a corresponding birth of liberality among some of the people of Unionist mind, with and without official affiliations. Underlying such changes in a country so long fixed in its political attitudes is a more general realization that partition is a lasting basis of Irish affairs, and that more time and thought can now be devoted to making the best of it. This has as its latest source the failure of terrorism, its almost universal condemnation by north and south, and evidence in the Republic of rethinking about its relationship with the United Kingdom and with Northern Ireland, a revision in which economics are perhaps having the strongest influence.

Certainly the general election in March* gives some proof that the Unionist electorate feels a new sense of security and, as the voting in Belfast showed, can afford to encourage the rise of a constitutional Opposition. Of the lessen-

* See THE ROUND TABLE, No. 191, June 1958, p. 275.

ing of the long-standing suspicion of the Roman Catholic minority the signs are less clear, but it can be suggested that this is measurable by the extent to which there is an *ennui* with party politics in their old and clamant form. In the Unionist Party proper a formidable section still deems it its business to keep popular feeling at a high pitch; tending to balance it is a more inarticulate body, which prefers that the conflict should as far as possible be allowed to die down. The leaders of this latter body, some of whom are to be found in the Cabinet, seek the end by silence rather than public counsel, so that Unionism as such has yet to produce a wing or movement readily identifiable as liberal and in favour of some more open gesture towards the minority. One must, therefore, seek to interpret atmosphere rather than adduce any statements on positive courses of action. There can be no doubt, however, of the forces at play among the Unionist population—those of combative spirit who will approve no compromise with Catholicism, those for whom politics have lost urgency and who desire a respite, and the still smaller number who believe that the opportunity now exists to make an accommodation with the moderate Catholics, mostly middle-class, who are showing an interest in public administration and are no less anxious to live in peace.

In the Cabinet itself each of these shades of opinion is represented. The Prime Minister, Lord Brookeborough, sets an example as one who, while standing squarely for the resolve to maintain the Union, says nothing that would provoke his supporters or opponents. With him are several ministers whose speeches are equally discreet and who would appear to have faith in moderation as the best hope of progress. In contrast stand the Minister of Home Affairs, Mr. W. W. B. Topping, and his successor as the Government Chief Whip, Mr. Brian Faulkner, a young man whose political advancement has been rapid: these two wish to keep the Unionist Party in a state of fighting fitness, and are chiefly moved by obligations to the border areas where the struggle for local control is at its most tense. It is left to the Attorney General, Mr. Brian Maginness, who is no longer in the Cabinet, to be the clearest voice of goodwill towards all who are prepared to acknowledge the constitution and to take a part in improving social and economic conditions. His speech at the Orange Order's celebrations on July 12 was a courageous appeal for tolerance and the furtherance of what he has termed a consciousness of Ulster and its achievements which is spreading throughout the community. This was well enough received by his platform audience, but evoked no public response, except from the *Belfast Telegraph* which takes a notable lead in advocating internal unity. Northern Ireland has not yet reached a stage of development at which advanced opinions of this kind can be expressed with complete freedom. Such is the climate in which the liberal seed has to grow, and thus one must be cautious in making predictions as to the future. For the moment it is enough to say that after nearly forty years of bitter controversy there is now the largest area of moderation between extreme Orangeism and extreme republicanism that has yet been seen.

This is both the cause and the result of the restraint with which Northern Ireland has met the campaign of violence by the Irish Republican Army.

The only serious incidents of late were the killing of one of a party of armed men surprised by a police patrol in crossing the border into Co. Fermanagh, and a series of bomb attacks on the border in which a policeman and a terrorist lost their lives.* A further sign of reason at work has been a repudiation of force by the Ancient Order of Hibernians, a Catholic organization equivalent to the Orange Order. Importance can also be attached to the fact that Lord Brookeborough chose the July 12 festival to make a more direct overture to the Irish Republic, widely criticized as it has been for not taking even more preventive action against the terrorist conspiracy. In his speech at Belfast he contrasted Eire's material development with that of Northern Ireland within the British system, and spoke of the questioning of the value of independence now to be heard in the south. The ensuing passage may be quoted in full:

We in Northern Ireland will always welcome any strengthening of the bonds between Eire and the United Kingdom. But I think I should stress one fact: we accepted our constitutional status as final and absolute. It is the outward symbol of a deep and unbridgeable difference between Ulster and Eire. Regardless of whether Eire returns to a closer relationship with the United Kingdom, or for that matter drifts further away, there can be no question of any alteration in our status in relation to her.

I hope that some of those in Eire who are at last beginning to ponder certain truths will realize this one, too, that as a result we may achieve the close friendship that I have always desired should exist between north and south, a friendship based on mutual respect for each other's rights.

The statesmanlike nature of this offer needs no emphasis, even though political leaders in Eire may find it difficult to give the sought-for *de jure* recognition of Northern Ireland's position as part of the United Kingdom. Such recognition has fairly been made a condition of full co-operation, but an alternative formula might be accepted, as was the Treaty of 1923, as a *modus vivendi*. In this event the corollary to Lord Brookeborough's proposition is obviously that Northern Ireland should begin to cultivate a greater domestic concord, so that every energy can be directed towards the solving of the unemployment problem and the betterment of the life of the country. But again an element in the Unionist Party will not admit that the present divisions are a hindrance to progress, or that any settlement can be reached with the Roman Catholic Church or with any effective body of its adherents. The truth would appear to be that Northern Ireland is at the start of something that may lead to a happier era, but could easily be cut short by a renewed outburst of partisan feeling. One incident which could have had this effect occurred in Dungiven, Co. Londonderry, where after the intrusion of an Orange band into a predominantly Catholic village a boycott of Protestant shopkeepers was organized. Fortunately, good advice was forthcoming from both sides and normal business was restored, but the events illustrate the danger and the speed at which hostility can be aroused among those not given to self-discipline. At the same time the total failure of the Irish Republican Army's conspiracy to foment civil strife gives the best promise

* See also p. 380.

that in mixed areas the lesson of living together is being learned. For another conclusion on the situation one may quote *The Northern Catholic*, a pamphlet containing the findings of an inquiry commissioned by *The Irish Times*. Its author, Mr. Desmond Fennell, says:

For the present the Catholic allegiance in Northern Ireland can only be *de facto*, an acceptance rather than an adherence. If a common ground, a broader allegiance, transcending or fusing the old allegiances, is to be worked out it must be done by Catholics working with Protestants in the middle region, in manly repudiation of the recalcitrants on both sides. But as the Catholics have been the passive element in Ulster society for the past three hundred years, Catholics will be moved to full co-operation only by generous and courageous initiatives from the Protestant side.

It must be observed that this discerning view considerably discounts the future. Progress on these lines cannot be other than most gradual.

The Minister of Finance, Captain Terence O'Neill, in his Budget in May produced some surprising figures, but nothing novel in the way of further stimulus to industrial development. Despite many adverse trading factors revenue rose to £103½ million, the first time it has exceeded £100 million. As expenditure also rose the surplus, known as the Imperial Contribution, was returned at £9 million, compared with £9½ million for 1957/58. These amounts reflect a fair measure of economic prosperity and expansion and a high rate of growth in public services, but can be qualified on two counts. The Imperial Contribution now represents rather less than nine per cent of total revenue whereas in 1948/49 the figure was 35½ per cent. Thus a larger and larger proportion of Northern Ireland's resources is being spent at home. Budgetary concessions conforming to those in Great Britain have also reduced from 5 to 2 per cent the yield of revenue from duties which Northern Ireland itself levies. At the same time, the need for the Province to show a respectable Imperial Contribution is largely political. If full account was taken of agricultural subsidies, payments under the agreement assimilating the social services, and other grants from the Treasury there must exist a considerable deficit. Captain O'Neill, having again rejected proposals for an Industrial Development Corporation, was unable to devise any additional method for creating more employment, so that for a revival of the new industries drive hopes must now rest on the lowering of interest rates and the British Government's encouragement of investment. The Ministry of Commerce is meanwhile pressing on with its programme of advance factory construction, on which £14 million has been spent since the war. This has proved to be as good an inducement as any and has the advantage of distributing industry through the six counties. The investment in electrification, trunk roads and other services also means that the British Government has approved a very generous level of expenditure to enable Northern Ireland to attain parity with the rest of the Kingdom, and therein lies the greatest hope of political stability.

Northern Ireland,
August 1958.

IRELAND

APATHETIC STABILITY

THE present political climate in the Irish Republic may best be described as one of stability based on apathy and nourished by fear: apathy because the people as a whole are tired of sterile political controversy, and fear because of the possible alternatives to the present régime. While Mr. de Valera's name recalls for an older generation the hideous civil strife of 1921-22, in his present role of poacher turned gamekeeper he furnishes a guarantee against anarchy and some assurance of firm government. Like General de Gaulle, whom he resembles in many ways, he is the only person who commands general support and confidence. One of our returned philosophers, Mr. R. R. Lawton, Ph.D., has recently suggested,* no doubt somewhat facetiously, that the only way to attract capital to this country would be to dispense with all taxation, and, indeed, with all formal government! The last part of this suggestion would no doubt be strongly supported by the I.R.A. and its imitators, but hardly by anyone familiar with Irish conditions. It might, indeed, be argued with some cogency that we are suffering, not from too much government, but rather from the results of weakness, misdirection and incompetence in that regard. Dr. Lucey, the Roman Catholic Bishop of Cork, who is not only a theologian but a social economist, has recently condemned the failure of our successive governments to promote the people's prosperity. Every emigrant to England and America was, he said, proof of this "catastrophic failure". Making every allowance for ecclesiastical fervour the charge is serious and cannot be ignored.

By-Election Results

TWO recent by-elections, one in South Galway, a poor rural constituency, and the other in South-Central Dublin, a typical urban one, were both won by the Fianna Fail, or Government party, albeit with much reduced support. In Dublin, for example, the Government vote was halved while only a third of the electorate voted. In Galway the Sinn Féin, or extremist, candidate was at the bottom of the poll, while in Dublin, where Sinn Féin might expect to obtain maximum support, that party did not even nominate a candidate. The Dublin contest was enlivened by the candidature of Mr. Noel Hartnett, B.L., as a representative of the National Progressive Democrats, a new party started by that optimistic medical-social reformer Dr. Noel Browne, T.D. Dr. Browne claims that thirty years of independence have resulted not in economic advancement or political maturity but in the growth of disillusionment amongst the vast majority of our people, a disillusionment which had its roots in the needless civil war and its aftermath. Nor can there, he maintains, be any fundamental or realistic assessment of our economic potentialities, nor any alteration of what he describes as our "unjust and

* At Cork Rotary Club, June 30.

ramshackle social and educational system", until those responsible for the Civil War leave the political arena to younger men who are free of their hatreds and obsessions, and who, are now, he claims, turning to physical force to find an outlet for their idealism. It might perhaps also be said that in so doing these younger men are merely perpetuating such hatreds and obsessions, but Dr. Browne did not say it. He asks for the reversal of a policy that forces our youth to learn a language which is of no use to them outside Ireland from which most of them are destined to depart, and which maintains at a cost of £6 million a year an army which in this atomic age is merely "a museum piece". The irrepressible Mr. Sean Mac Bride, who is still the leader of the Clann na Poblachta (Republican Party) of one deputy, whose programme involves nothing less than the reformation of man, also sought the Dublin elector's affections. As Mr. Hartnett rightly left Clann na Poblachta when it let down Dr. Browne the contest between Mr. Hartnett and Mr. Mac Bride was not without acrimony. Finally these rival Don Quixotes unhorsed each other. The net result of these by-elections has been to increase the strength of Fianna Fail to 78. As the four Sinn Féin deputies do not sit in the Dail this gives Mr. de Valera an effective majority of 13, which under P.R. ensures the Government's stability. He thus continues, in default of better, to reign supreme.

Terrorist Activities

HIS reign, however, is far from easy. The terrorist fringe, or that portion of it still at large, continues to manifest its existence by various minor activities which are irksome rather than important. These operations chiefly consist of the destruction by explosives on or near the Northern border of small buildings such as Customs huts and electrical installations. A Mr. Gerald Lawless, who was interned for some time by the Government under its special powers, has made a complaint to the Council of Europe Human Rights Commission that Ireland has violated the European Rights Convention, to which we are a party, by interning him. The admissibility of his complaint is at present under consideration by the Commission. That the Government has the general situation well under control is proved by the fact that the police authorities have recently seized a radio transmitter in Dublin, made various further arrests, and intercepted some consignments of arms landed at Cove from America. This last incident reveals a source of supply which had long been suspected. Irish-American extremists are still playing their traditional role of trouble-makers who take no risks themselves. A good example of how these arms are being used was provided on July 2 when a Royal Ulster Constabulary patrol surprised a border raiding party at Clonteverim, County Fermanagh, killing one raider and seriously wounding another. The boy who was killed, twenty years of age and unemployed, was described as "a quiet type of boy who did not talk much but who was interested in Irish music and ballads". In other words he was ripe for the political perversion to which his education was no doubt a suitable introduction. The raiders were apparently members of Saor Uladh (Save Ulster), another extremist organization led by Mr. Liam Kelly of Monaghan. He was

later arrested by the police but subsequently released.* The Irish military authorities foiled a daring attempt to rescue from a military hospital in Dublin Corporal Frank Skuse, formerly of the Royal Electrical Engineers, whom the British authorities have been seeking in connexion with the raid on Blandford military camp last February. He is at present serving a six-months' sentence here under the Offences Against the State Act. A more disquieting situation was revealed at the court martial of a young Irish Officer, Lieut. Patrick J. Dolan, who was found guilty of handing over machine-gun belts and military training manuals to a member of the I.R.A. He was sentenced to two years' imprisonment and dismissal with ignominy from the service. After his conviction he confirmed the decision of his judges by describing his military colleagues as "John Bull's other army". There is fortunately no reason to suppose that such conduct is other than exceptional, or that the army is disaffected. The perverted brand of nationalism taught in many of our schools is of course the real cause of these manifestations, and its propagation is unfortunately encouraged by the actions of some of those in high places who should know better. Quite recently, for instance, Mr. Frank Aiken, the Minister for External Affairs, after granting permission for the visit of a British training squadron to Bantry Bay, subsequently refused to permit the cadets to hold a regatta during their visit. The squadron naturally cancelled their call. The reason given for this bad-tempered and ill-mannered performance was that "it would not be appropriate to allow the visiting squadron to hold a regatta as Bantry was not their home port"! The real reason, of course, was that Mr. Aiken, who is a stubborn and rather obtuse Northerner, either thought that this was a good chance to air his anti-English sentiments, or else was afraid the visit might give rise to extremist manifestations, which was in fact most unlikely. Straws of this kind show how the wind blows and make clear why Mr. de Valera, whatever his personal inclinations, is perforce unable to deal either realistically or intelligently with the problem of Partition. Dr. Browne is no doubt right when he suggests that people like Mr. Aiken, who are still living in the bitter atmosphere of 1921, constitute a barrier to any kind of national reconciliation. Nor can such an attitude by a responsible Minister serve to encourage the patronage of British tourists, whom Mr. Lemass, the Minister for Industry and Commerce, has recently admitted to be our most valuable visitors. It is to be hoped they will not take Mr. Aiken seriously.

Further outrages have since occurred. On July 15 an Ulster constable was ambushed near the border in County Armagh and subsequently died. On the same day one terrorist was killed and two others seriously injured as the result of a premature bomb explosion in County Cavan, and on July 17 three terrorists who had placed a bomb outside the Armagh police station were subsequently caught hiding in a confessional in the Roman Catholic cathedral. Fortunately the bomb did not explode. Presumably as the result of these events Mr. de Valera told the Dail on July 17 that the Government might

* Mr. Kelly was returned as an abstentionist Republican M.P. for mid-Tyrone in 1953 and subsequently elected to the Dublin Senate on the nomination of Mr. Mac Bride's party. See *THE ROUND TABLE*, No. 174, March 1954, p. 185.

have to seek further powers "in order to see that we will not be committed to war by people who have no right to do so". "We must not allow ourselves", he continued, "to be dragged into violent conflict by the action of people who take it upon themselves to act for the nation." He asked the deputies to remember their responsibilities and reminded the public that they were playing with fire if they helped these people. He will not, however, face the fact that so long as his Government refuse to recognize the Government of Northern Ireland they furnish a plausible excuse for such criminal conduct. As there was clear proof that these fresh outrages had been launched from the Republic the British Government made a formal protest to the Irish Government in a note delivered by their Ambassador Sir Alexander Clutterbuck.

The Economic Position

THE economic position, in which the tourist traffic plays so material a part, remains, and is likely to remain, precarious. Uncertainty as regards the establishment of a European Free Trade Area, together with the retention of the drastic import levies, is not conducive to either planning or development. As stated in the report of the Central Bank for the year ended March 31, 1958, the economic achievement of 1957 was not so much a recovery as a basis for recovery. Both national income and agricultural output increased over 1956 figures and the upward trend in industrial production was resumed owing to an increase in exports. In the Bank's view the improvement in the external trade position was reached at the cost of a lower level of economic activity, and the surplus in external payments is, therefore, precarious. It can scarcely be maintained without unremitting effort. The Report casts scorn on the idea that a solution can be found in the "multiplication of money", for there has been no real lack of this necessary symbol. The simple fact is that we are not producing enough and are spending too much. "To strain as we do", states the Report, "after the wage and salary standards of Britain and other countries more fortunately circumstanced and with much greater output per head, is to negative the possibility of industrial and agricultural expansion, particularly the former." Moreover, as the Report points out, "our taxation, central and local, reflects this proneness to match improvements elsewhere with corresponding charges here, despite our natural disadvantages". In other words the Government shares our "delusions of grandeur". Preliminary estimates for the year 1957 suggest, however, that the drop of 7 per cent in the real volume of the national income which occurred in the previous year has been halted. In money terms national income increased by £19 million between 1956 and 1957, although this increase was almost exactly offset by the simultaneous rise in prices.

There was no real change in the value of the total national income. Nevertheless, the adverse trend in employment and population has continued, the drop in the number employed during 1957 being estimated at 25,000, and in population (through emigration) at between 30,000 and 35,000. During the first six months of this year the external trade deficit has increased by £6 million as compared with the same period in 1957. The central fact of our

economy, as Mr. Lemass has recently admitted, is our close economic relationship with Great Britain. The United Kingdom takes some 77 per cent of our exports while we in turn obtain some 57 per cent of our imports from it, and are in fact one of its best customers. The total trade between the two countries may well reach £200,000,000 during the current year, but there is still room for improvement. Our National Farmers' Association are rightly demanding the establishment of a sales promotion organization and a display centre for Irish agricultural products in Great Britain. As a result of the complaints concerning dumping made by the New Zealand Government the British and Irish Governments have agreed that for the coming year exports of Irish creamery butter to the United Kingdom shall be restricted to 14,000 tons, the quantity exported in 1957. Should this quantity be exceeded, further consultations are to take place at government level. The Industrial Development Authority has at present some sixty new projects under consideration. Forty-four of these are of foreign origin. Our transport system is still "in the red". During the seven years ending March 1957, C.I.E., the road and rail system, lost £10½ million, and £16½ million of its liabilities are now being written off. In order to meet the cost of increased wages and salaries both road and rail passenger fares have been increased by 5 per cent. It is somewhat optimistically envisaged that the undertaking will attain solvency during the next five years, so for that period it is to receive an annual grant of £1 million.

Air Developments

IN the air, where we can depend on international traffic, there is a better tale to tell. Aer Lingus, our national air line, which started operations in May 1936 with one biplane and a staff of 12, and which carried 800 passengers that year, now has a staff of 1,500, a large modern air fleet and a first-class safety record, and carries over half a million passengers each year. On April 28 a new Irish air company, Aer Linte, inaugurated a trans-Atlantic service with super-Constellation aircraft leased from an American company. The project is ambitious and hardly likely to show a profit for some years, but some such step was necessary in order to maintain the position of Shannon as an international airport and prevent its being overpassed by jet planes. In addition to this new service three major airport developments are on hand, namely the construction of a local airport at Cork, of a jet runway at Shannon, and of enlarged airport buildings and accommodation at Dublin. The number of passengers calling at Shannon has gone up every year and its attractive duty-free shop is now our biggest single dollar earner. The number of aircraft using the Dublin airport last year was 10,825 and it dealt with 494,473 passengers as compared with 10,616 aircraft and 443,558 passengers at Shannon. Shannon has been a duty-free airport for the last twelve years but, apart from the duty-free shop, this has led to no industrial development there. Valiant attempts are now being made to alter this situation and a Shannon Airport Development Authority has been set up for this purpose under the intelligent and energetic direction of Mr. Brendan O'Regan, the Chairman of Bord Failte (Tourist Board). Certain imaginative civil engineers

have recently raised local hopes in Limerick by suggesting that a Free Port should also be established on the other side of the Shannon for use as a European oil storage depot; and a company has been formed for this purpose. Dealing with this project Mr. Lemass, speaking in the Dail on June 18, pointed out that people who were talking about a free port should make up their minds what they wanted to achieve. If they were thinking of factories into which materials can come free of duty and from which they could be freely exported after processing, they should remember that in that sense the whole country was a free port area. If they were thinking of bonded warehouse facilities these were already available in our principal ports. If they were thinking of merely creating trade by providing modern port facilities then he did not know of any place in the world where the mere establishment of a port created trade. The suggestion that a free port on the Shannon estuary might be used as an oil storage depot for European refineries was, he pointed out, quite impracticable. He might have added that the estuary is too far from the Atlantic trade routes and the Continent to be an economic site for this or any similar purpose. So far as the creation of a deepwater free port on the Shannon estuary is concerned the objections raised by Mr. Lemass seem unanswerable. How far, however, do they also apply to the proposal to develop the Shannon airport as a free port? The only material difference between the two projects seems to be that the airport, if used as a manufacturing area, might provide rapid transit facilities for its exports to America and Europe, but only for commodities easily carried by air. It could hardly function successfully in the case of heavy industry where freights and location are of vital importance. While only 12 per cent of the passengers who call at Shannon airport remain in the country, and probably more than half of these are Irish people returning from abroad, over 11,000 passengers land each year from American liners at Cork Harbour, most of whom are American visitors who come to stay in the country for some time. It might be well from a tourist point of view if at least equal attention were paid by the Government to this important and remunerative traffic, which has hitherto been largely left to its own devices.

Ireland,

August 1958.

PAKISTAN

THE SHADOW OF BAGHDAD

WILL there be a change of government in Pakistan "through the ballot box or a bloody revolution"? There is hardly a speech of the Muslim League President, Khan Abdul Qaiyum Khan, in which he has not posed this question. And in an incredibly blunt reply to a civic address of welcome on July 15, Qaiyum Khan went so far as to say that if conditions for a "peaceful change of government" in the country were not forthcoming, "the Baghdad drama may be re-enacted in Pakistan".

It is by and large axiomatic to say that political leaders' utterances and actions are governed more by considerations to influence the electorate than by their own sound judgment. But on the same argument such utterances and actions may be a true reflection of the public temper. A number of Urdu newspapers have, in their editorials on the Iraqi holocaust, pointedly insisted that the country's rulers should see the writing on the wall. What Qaiyum Khan and others are now saying cannot, therefore, be dismissed as mere political exploitation of a hideous episode in a tense international situation. A substantial majority of Pakistanis now think that if the elections are not held according to schedule, there may be a great upheaval in the country. Keeping in mind that these very people have somehow swallowed the repeated postponements of general elections on one pretext or the other, the latest trend of thought will strike even a casual observer of conditions in Pakistan as quite significant.

The most eagerly asked question in the country today is whether general elections will be held as scheduled; and for once, at least, the answer can be given without much hesitation, "yes". Even before the Iraqi holocaust things were so shaping in Pakistan as to make any lengthy postponement of general elections more and more improbable. Both the Awami League and the Muslim League had taken categorical stands on holding general elections in November. It is true that the Jamaat-e-Islami wanted a postponement of general elections rather than hold them on the basis of joint electorate. It is equally true that an influential section of the Republican Party was opposed to seeking the people's verdict and the Peshawar District and City Republican Council passed a resolution in June last which said: "General elections at this critical juncture can serve no useful purpose for the people or the country", but in the rising crescendo of popular demand for general elections the forces arrayed on the other side looked ineffectual. Events in the Middle East have now made any demand for the postponement of elections out of date, and to affirm now that barring minor adjustments elections will be held according to schedule is by no means premature.

It is impossible at this stage to predict the possible repercussions of the latest developments in the Muslim world on Pakistan's foreign policy. But there can be no doubt that it will now be subjected to even more complex and powerful stresses and strains than hitherto. The section of political

opinion which seeks to bring radical changes in the country's foreign policy seems to have been considerably emboldened by the *coup d'état* in Iraq and may well become more vociferous, particularly as the time of general elections approaches. Already there have been demands that Pakistan should recognize the new Iraqi régime and summon the National Assembly for a reappraisal of the country's foreign policy.

The dangers involved in making foreign policy a political issue, however, are only too well realized by the more responsible section of the country's leadership and public opinion. Mr. H. S. Suhrawardy has in a statement warned us that "internal subversion actively aided and abetted by governments and forces outside their own national boundaries had played havoc with the stability of a number of Middle Eastern countries". Saying that Pakistan was facing the biggest international crisis since its birth, he emphasized the "paramount importance" of maintaining the "remarkable stability in our internal affairs, especially in our administration and social order". He appealed to all political parties to stop mutual recriminations and said: "This surely is not the time to create chaos and confusion in the country."

Almost in similar strains, a leading English daily of Karachi said editorially:

We would address ourselves in particular to those of our countrymen who, dismayed and disheartened by the hesitancy and vacillation of our allies, have begun to have second thoughts on the utility of our pacts and alliances. . . . In a situation like this, decisions must be prompted not by considerations of profit or loss but by the stirrings of our own conscience and the dictates of honour.

Fall of the Ministry

ONCE again events in East Pakistan followed the now familiar pattern. On June 12 the Provincial Assembly resumed its Budget Session. Six days later the Ataur Rahman Ministry was defeated on the floor of the House, on an Opposition motion for a cut, by twelve votes. On June 20 Mr. Abu Hossain Sarkar was sworn in as the Chief Minister of the province. Three days later a no-confidence motion was carried against the new Ministry by fourteen votes, and on June 25 the President of Pakistan issued a Proclamation suspending parliamentary government in East Pakistan and the Provincial Assembly was prorogued. Whatever might be the repercussions of these developments for the future of democracy in this country, the politicians have had their pound of flesh. The rival factions had taken each other's measure and, neither being in a commanding position, landed the province in a political stalemate and opened the doors for further changes at the Centre.

The immediate cause of the Ataur Rahman Ministry's fall was the *volte face* by the National Awami Party. Hitherto the N.A.P. had supported the Ata Ministry, in spite of pronounced differences, with remarkable steadfastness. It took the plea that any disturbance of the *status quo* would only delay the general elections and allow "reactionary elements" a wider field for manoeuvring to gain political ascendancy. In taking such a stand the N.A.P. had earned for itself a great deal of esteem in East Pakistan. It had come to be regarded

as a party whose strategy was entirely governed by the principles it professed. But in its attempt to exploit the plight of the Awami League and coerce it into accepting Maulana Bhashani's five-point programme, as a prerequisite for continuing its support to the Ata Ministry, the N.A.P. has lost face in East Pakistan.

The defection of 10 members from the 29-man Congress Party, soon after the resumption of the Provincial Assembly Budget Session, was a grievous blow to the Ata Ministry. Even as it was the Ministry could not have carried the day without N.A.P. support. Its position had now become precarious. The N.A.P. thought that here was its long-awaited opportunity. And even though the Provincial Parliamentary Party of the N.A.P. was all for continuing support to the Ata Ministry, it was overruled by its Central Party. It was decided that since the Awami League had not accepted the five-point programme, the N.A.P. would remain neutral in the ensuing trial of strength on the floor of the House.

The N.A.P. strategy became doubly mysterious when, soon after its withdrawal of support from the Ata Ministry, it entered into negotiations with the Krishak Siramik Party to forge a political alliance. It was palpably obvious to anyone that, even if the K.S.P. agreed to the five-point programme of Maulana Bhashani, the two parties together could not form a stable Ministry in the province. Further still the K.S.P. could not afford to lose the support of the Muslim League and the Nizam-i-Islam parties in the Provincial Assembly. Both of these parties are irreconcilably opposed to joint electorate, which is one of the points of Maulana Bhashani's programme. In the face of such evidence the N.A.P., popularly believed to lean to the left, could not easily clear itself of the charge that in adopting its new strategy its aim was to create conditions of political instability in Pakistan. No feverish political developments had taken place in the country since March this year to justify the N.A.P.'s change of attitude towards the Ataur Rahman Ministry. Moreover, the N.A.P. knew only too well that, even if the Awami League had accepted the five-point programme, there was not the remotest possibility of its being fully implemented before the general elections. Any attempt to undo the One Unit, or to make provisions for a greater measure of regional autonomy, would necessitate drastic changes in the country's constitution with utterly unpredictable results.

With the fall of the Ataur Rahman Ministry the political scene became all the more confused. The Awami League which had firmly refused to subscribe to the Bhashani programme, now, all of a sudden, fully endorsed it. It thus entitled itself to N.A.P. support in the Provincial Assembly. Three days later the Awami-League-N.A.P. combination carried a censure motion against the Sarkar Ministry. But if either the Awami League or the N.A.P., or both, had ever hoped that in dislodging the Sarkar Ministry they would be able to restore the *status quo ante* in the province, they were sorely mistaken. The opposing sides in the Provincial Assembly, as the voting conclusively proved, were evenly balanced, and with party loyalty being a matter of convenience there could not be any guarantee that the next Ministry would not similarly be overthrown. Accordingly, on the recommendation of the

Governor of East Pakistan, the Central Government advised the President of Pakistan to suspend parliamentary government in the province for a period of two months.

The immediate offshoot of the imposition of the Governor's rule in the province was the Awami League's repudiation of Maulana Bhashani's programme. Mr. Suhrawardy stated that the Awami League had not entered into any agreement with the N.A.P. What had happened was that the two parties had arrived at an "understanding". But such equivocations were rather late in the day and merely furnished another proof, if proof were needed, of the blatant opportunism to which the country's political parties unhesitatingly resort to achieve their objectives.

These developments in East Pakistan spurred the K.S.P. in a fresh bid to elbow the Awami League out of its influential position in the Central set-up. The K.S.P. had all along tried to get for itself an effective representation in the Central Cabinet. By overthrowing the Aftab Khan Ministry the K.S.P. had thought it had strengthened itself to an extent where it could challenge the Awami League at the Centre as well. Meanwhile, a section of the Republicans, with whom the Awami League is in coalition at the Centre, had openly expressed their resentment of the Awamis' unrestrained criticism of President Iskander Mirza. They were also bitterly critical of the "high-handedness" and the "dictatorial" attitude of the Awami League towards their party. Therefore, if the K.S.P. could exploit these differences in the ruling coalition to its advantage, the Awami League's position could be very adversely affected. But the K.S.P.-Republican parleys in Karachi have, as yet, failed to produce tangible results, for the simple reason that alternative party alignments could not be considered adequate to ensure a stable government at the Centre. Meanwhile, the Awami League had also adopted a more conciliatory attitude towards the Republicans.

It is a bit difficult to comprehend why the politicians should exhibit such desperation to be in power, either at the Centre or in the provinces, just on the eve of general elections. Developments in the Middle East have created a profound impact on the public mind. There is general resentment against the Government for suppressing the Kashmir Liberation Movement. The vital need of the hour for the country's leadership is to look a little further ahead than hitherto. There is yet breathing time before things may get out of hand.

Pakistan,

August 1958.

CANADA

THE TIDAL WAVE RECEDES

THE Progressive-Conservative Party of Canada had fortune on its side when in the general election held on March 31 the support of 53 per cent of the popular vote gave it 79 per cent of the seats in the House of Commons, which was a record majority, and eliminated some of its most formidable critics. But fortune has already withdrawn its favor from it and the abilities of the Ministry formed by Mr. John Diefenbaker are being severely tested by a series of adverse developments, for which it cannot be blamed. There was in the second quarter of the year encouraging evidence of some recovery from the economic recession, which had begun last autumn, and, although the volume of unemployment at mid-May remained at its highest level on that date for many years, it was being reduced to manageable dimensions. But hope that the process of economic recovery would gather momentum in the second half of the year has now been waning as the result of the ravages of a severe drought in May and June in the prairie country. In Alberta an average yield from the grain crops is still expected, but so serious has been their deterioration in Manitoba and Saskatchewan that the crop experts now predict that the total wheat harvest in 1958 will not exceed the low figure of 300 million bushels. Moreover, the damage wrought by the drought upon the western hay crop and pastures has so reduced present and prospective supplies of feed for livestock that many farmers are being forced to market their cattle prematurely, and the resulting curtailment of western rural purchasing power from sharp drops in two main sources of farming income cannot fail to have adverse effects upon general business.

Then hopes that some moves might be made at Washington, to reverse policies of the United States that have been harmful to Canadian interests, have not been realized, and the prospect of any modification of these policies has been dimmed, not only by President Eisenhower's defense of them in his speech at Ottawa, but by the action of the United States Congress in passing legislation that will stimulate by subsidies the domestic production of lead and zinc and thereby diminish the need for importing these minerals from Canada. And now Prime Minister Diefenbaker and his Cabinet have been suddenly confronted by the grave problems created by the crisis in the Middle East, in which Canada is indirectly involved through her membership of the U.N. and N.A.T.O. as well as through her special commitments to cooperate with the United States in the defense of North America. The Prime Minister has informed Parliament that Canada will fulfil her international obligations faithfully, and has been assured of the firm support of the parties in opposition. The fulfilment of these obligations may well entail heavy additional expenditures, which will increase the Ministry's financial difficulties, but it is highly improbable that it will have to contemplate the enforcement of military conscription and, even if it became necessary, it could count upon the Roman Catholic Church to exercise its powerful

influence to prevent any serious opposition to it in French Canada when its object was to frustrate the domination of the world by the Communist nations.

Meanwhile the Federal Parliament has been disposing of an abnormally large program of legislation at such a moderate pace that part of it will have to be shelved if the Government's target of achieving prorogation by mid-August is to be reached. Prime Minister Diefenbaker, who has rewarded Quebec for its strong support by adding two French-Canadian Ministers to his Cabinet, has, although he has left the routine duties of the leadership in the Commons largely in the experienced hands of his deputy Mr. Howard Green, the Minister of Public Works, invariably taken charge of important debates and made effective use of his gifts as a parliamentarian; and the performances of most of his Ministers have been very creditable. So far the only conspicuous exception in the Cabinet has been Dr. Sidney Smith, the Secretary for External Affairs, who has repeatedly involved the Government in trouble by his inept handling of international problems in debates and at sessions of the Commons' committee on External Affairs; indeed his inadequacy was so apparent that the Prime Minister felt it advisable to take into his own hands the responsibility for opening the important debate upon the agreement concluded with the United States for cooperation with Canada in the aerial defense of the North American continent. The other Ministers have shown evidence, as Dr. Smith has failed to do, of attending to their homework and making the best use of the abilities and experience of their officials; and so far they give no signs of adopting the arrogant attitude towards the weak opposition to which certain Liberal Ministers in the later stages of their party's long ascendancy became unfortunately addicted, but have always been willing to give sympathetic consideration to constructive suggestions by the Opposition. At the opening of the session Mr. Fleming, the Minister of Finance, was irritating the Opposition by a tendency to sarcastic petulance, but in the committee stage of the Budget he discarded it for a mood of sweet reasonableness, which smoothed the passage of his votes and resolutions. From the Prime Minister downwards, Ministers have been making assiduous efforts to demonstrate to the public that they are not a Tory administration of the traditional type, but a "People's" Government, and old-fashioned Tories are often bewildered and even frightened by some Ministerial actions and pronouncements. For example, Mr. Nowlan, Minister of National Revenue, who is responsible for policies about radio and T.V., has displeased the private broadcasting interests by a declaration that any Government that did not maintain the state-owned Canadian Broadcasting Corporation would be stupid; and Mr. Hees, the Minister of Transport, has published the report of Mr. Stephen Wheatcroft, a British expert, which pronounces against any interference for some years with the present monopoly of another Crown company, Trans-Canada Airlines, over transcontinental air traffic.

The Budget

WHEN Mr. Fleming, the Minister of Finance, presented his first Federal Budget on June 17, its contents were in conformity with predictions that he would budget for a deficit for the fiscal year 1958-59. He disclosed

that the impact of the recession had played havoc with the estimates, on which the Budget for the previous fiscal year 1957-58 had been based, and that a sharp shrinkage of the revenues had produced a deficit of 39 million dollars instead of the surplus of 152 millions, which his Liberal predecessor had forecast. For the current fiscal year he budgeted on the assumption that a continuance of the recovery from the recession would bring the value of gross national production in 1958 to a slightly higher figure than the scale of 1957, but he had to take cognizance of a sharp decline in the earnings of corporations. So to meet estimates already tabled, which called for total expenditures amounting to 5,300 million dollars, he could only foresee for his revenues 4,652 million dollars, a figure that meant a prospective deficit of 648 million dollars. But he excluded from his budgetary calculations a substantial volume of capital expenditures, which earlier Ministries had provided for out of current revenues, and he intimated that the Government would during the present fiscal year have to borrow 1,400 million dollars to meet its budgetary deficit and other commitments such as loans for residential housing and new enterprises like the great dam on the South Saskatchewan River.

In the circumstances facing him Mr. Fleming could not offer any reduction in the basic rates of the income tax on individuals and corporations, but he felt able to dispense a few modest concessions for the easement of the taxpayers' burden. The limit of the deduction for charitable gifts from the income tax of corporations was raised from 5 to 10 per cent of their net income per annum, and exemption from the gift tax will hereafter be permissible on transfers of real estate up to a value of \$10,000 between husband and wife and father and child. Certain materials needed by farmers and building contractors were added to the list of articles exempted from the general sales tax, and relief from it was granted to municipal authorities on a number of articles purchased for the benefit of their communities. The special excise tax of 20 per cent on the advertising revenues of Canadian editions of periodicals under foreign ownership was repealed, the present allowance for free entry of 100 dollars-worth of purchases every four months available for Canadian tourists returning from travels abroad was consolidated into an allowance of \$300 per annum, and the subsidy paid to the depressed goldmining industry was extended for two more years and increased by 25 per cent. It is estimated that these concessions will cost the Federal Treasury only 8 million dollars during the present fiscal year, but 26 million in a full year.

Special interest attached to the proposals of the Budget about tariff policy, and their disclosure revealed that the Government had not complied with the demand of its high-protectionist supporters for a general upward revision of the tariff. The actual changes in the schedules were more numerous than in any recent Budget, but they were both upward and downward, and the commodities that will be affected by them to the greatest extent are woollen goods, iron and steel, pipes, tubes and zinc and its products. The most crucial decision of the Cabinet in fiscal policy was about the duties on imports of woollen fabrics, for whose increase the domestic manufacturers and their spokesmen in Parliament had been applying persistent pressure.

As a guide to its decision the Cabinet had available a report of the Canadian Tariff Board, made after an exhaustive investigation, upon the workings of the existing duties on woollen goods and the general condition of the domestic industry. This document recommended that the latter should be given higher protection against the competition of British woollen fabrics, but it also emphasized that a number of handicaps made its fortunes very precarious and that the proposed increase in its protection was only intended to make possible its continuance of an uphill struggle for survival, until the Cabinet could reach a decision of high policy about whether the industry was worth salvaging at the expense of imposing a heavy burden upon the consuming public. Accordingly on the strength of this report the Budget offers at least temporary succor to the domestic woollen manufacturers by a substantial rise in the British preferential rates of the tariff on woven fabrics composed wholly or in part of yarns of wool or hair imported from Britain; and it is estimated that the barriers against them have been raised on the average by 18 per cent. The Budget, however, could not alter the most-favored-nation and general rates in the woollen schedules on account of Canada's commitments as a signatory of the General Agreement on Trade and Tariffs, but Mr. Fleming intimated that he intends to renegotiate the duties on woollen imports from foreign countries for the purpose of restoring to British exporters their former margin of preference.

The Government has to walk very warily about its tariff policy, because it knows that most of its supporters from the western Provinces, where high tariffs are anathema, would, in order to save their political skins, have to oppose any substantial increase in duties on imports; but a suspicion prevails that it plans to use the weapon of anti-dumping duties for the purpose of giving better protection to domestic industries. An intimation of such intention was given by the Minister of Finance, when in his Budget speech he announced an amendment to the Customs Act

requiring that where appropriate the value for duty on imported goods shall be not less than the cost of production plus a reasonable advance for selling costs and profit.

In 1921 the Meighen Ministry adopted the same yardstick for the assessment of the fair market value of goods for customs purposes, but it was discarded by the Liberals when they took office soon afterwards. It was resurrected by the Tory Ministry of the late Lord Bennett in 1930 and used unsparingly by it until the Liberals returned to power in 1935 and abandoned it. The reason why it has been such a contentious issue between the two senior parties is that, while on the surface the cost of production seems an equitable basis for determining the value of imports for customs purposes, its application actually arms the Minister of National Revenue and his officials with authority to raise or lower duties at their discretion, regardless of the rates fixed by law. Indeed the Bennett Ministry enforced its anti-dumping regulations with such rigor that Professor Gordon Blake in a book called *Customs Administration in Canada* asserted that

it is scarcely an exaggeration to say that for some years after 1930 any attempt to move foreign goods across the Canadian border was viewed by the Customs Department as an attempt to dump.

But under the terms of G.A.T.T. dumping is defined as the export of goods at a price below the figure at which they are offered in the country of their origin, and all the countries subscribing to G.A.T.T. are pledged not to impose special anti-dumping duties except in cases where a nation that wants to levy them can produce evidence that dumping has become a clear and immediate menace to an industry. Therefore, if the Diefenbaker Ministry proceeds to enforce anti-dumping regulations on the lines suggested by Mr. Fleming, it can expect vigorous protests from other subscribers to G.A.T.T. whose export trade is curtailed by them, and also reprisals in the shape of higher tariffs against Canadian goods.

The Opposition Attack

IN the debate on the Budget Mr. Pearson and other Liberal speakers contended that Mr. Fleming's forecast of the nation's balance-sheet for 1958-59 was woefully inaccurate, and that if proper budgetary practices had been followed in making it his estimate of the prospective deficit would have been raised to at least 1,150 million dollars. They also complained about the protectionist tendencies of the Budget and are hoping that an aggravation of them by the rigorous use of anti-dumping duties will restore an old dividing line between the Tory and Liberal parties and provide them with a good fighting issue for the next general election. The spokesmen of the C.C.F. condemned the Budget as dishonest and saw in it proof that the Progressive-Conservative Party was just as incapable as the Liberals were of providing the country with intelligent and economical management of its finances and just as averse from the careful planning of the national economy, which was needed for the attainment of settled prosperity and a fair distribution of the national income.

At the opening of the session both the parties in opposition were so depressed by their heavy losses in the last election that they had no heart for aggressive tactics. But now that joints in the Government's armour have been revealed as it struggles with harassing problems, and Mr. Pearson, the Liberal leader, has discovered that among his followers he has much more debating strength than he had hoped for and that it is quite adequate to sustain a long debate against the Government, he has become more belligerent. He has not shirked exposure of the numerical weakness of his party by forcing the Government to mobilize its huge majority to defeat a series of votes of no-confidence which he moved, and he still commands the respect of the House of Commons as its foremost authority on international problems. In his attempts to prove that his party is an industrious and vigilant opposition, he has usually had the firm support of the C.C.F. This party sorely misses the abilities and parliamentary skill of Mr. Coldwell and Mr. Knowles; but its new chieftain, Mr. Hazen Argue, has given it a vigorous lead and shown that he is something more than a specialist on agricultural problems; and most of its four young recruits have revealed considerable competence as debaters. On the whole a very friendly atmosphere enveloped the new House of Commons and, while the parties in opposition freely exercised their right of criticism, they did not engage in factious obstruction

and they both endorsed the Government's ambitious scheme for refunding in a *bloc* over 6,000 million dollars of the national debt.

There have been some interesting and rather curious developments in regard to the trade policy of the Diefenbaker Ministry. A denial by the Prime Minister that he had ever committed himself to divert 15 per cent of Canada's import trade from the United States to Britain was interpreted as evidence either that he had realized the formidable nature of the obstacles to such a large diversion or that stern threats of reprisals from Washington had cooled his ardor for the project. Then to many Canadians his sanction of a substantial increase in the duties on British woollen fabrics seemed a strange method of enlarging Anglo-Canadian trade; and there was similar puzzlement when a Prime Minister who had won many votes in his last election by an undertaking to rescue Canada from economic domination by the United States suddenly decided to cultivate a closer *rapprochement* with that country by inviting President Eisenhower and Mr. John Foster Dulles to a conference at Ottawa. The President and Mr. Dulles are at opposite poles of popularity in Canada and the warmth of the welcome that Mr. Diefenbaker tendered to the former, come to address a joint session of the two Houses of the Federal Parliament, voiced appropriately the sentiments of the Canadian people. But the speech that Mr. Eisenhower proceeded to deliver undoubtedly disappointed the Canadian Cabinet and had a chill reception from the press. Exuding as usual a spirit of goodwill and friendliness, the President lavished almost fulsome tributes upon Canada, but he failed signally to give practical proof of his friendship for her by making any commitments to remedy some of the worst grievances cherished in Canada about trade policies of the United States. In a review of the problems that have been creating friction between the two countries, he defended his country's actions on the ground that they were essential for preservation of economic stability in the United States, which would be indirectly beneficial to Canada, and his pointed assertion that an artificial redirection of trade was a less effective method of promoting prosperity than a multilateral expansion of trade was gleefully construed by the Liberals in his audience as an oblique criticism of Mr. Diefenbaker's plan for the diversion of import trade. Indeed a large part of the President's speech had the flavor of a lecture to the Canadian people and their government not to worry so much about trivial matters, like the loss of markets for Canadian wheat as the result of bargain-counter sales of American wheat and higher barriers against exports of Canadian oil across the border, but to get on with the vital business of cooperating vigorously with the other Western democracies in coping with Russia's new challenge of economic warfare. So it was little wonder that at the conclusion of his speech the applause from the Liberal benches was much louder than the restrained cheer of the Tories.

In the end the only practical fruits of the conference were an agreement for the establishment of a joint committee, consisting of three members of each of the American and Canadian Cabinets, which will undertake the duty of supervising the operations of the North American Air Defense organization and keeping it under civilian control, and a vague promise whose fulfilment

will depend upon the mood of the United States' Congress, for favorable consideration for removing the present ban upon exports to Communist China by Canadian subsidiaries of American corporations like the Ford Company of Canada, which lost a large order for motor-cars through it. Accordingly even a strong supporter of the Government like the *Toronto Globe and Mail* had to admit that the results of the conference for Canada had amounted to "very little". After the visit of the President, hopes of tenderer treatment for Canadian interests at Washington were further dimmed by evidence, such as the curtailment of the Presidential authority for negotiating trade treaties and making concessions in the U.S. tariff, that the protectionist elements have the upper hand in Congress. So there may well be a revival of Mr. Diefenbaker's earlier ardor for expanding the trade exchanges between the partners of the Commonwealth and the prospects of valuable fruits from the approaching economic Conference at Montreal may be improved.

A Vote in Manitoba

A PROVINCIAL election recently held in Manitoba showed that, while the voters still have a marked preference for the Progressive-Conservative Party, the tidal wave of popularity, which gave it its immense majority in the late Federal election, has begun to recede. The long supremacy of the Liberal-Progressive Party, which had ruled the Province continuously since 1922, was ended when its share of the 57 seats in the legislature was reduced to 19; but the Progressive-Conservative Party, which had captured all the Province's 14 Federal seats on March 31, could only win 26 in the new House. When Premier Douglas failed to secure the support of the C.C.F. Party, which had fared well by doubling its strength, for the retention of power, he had no alternative to resignation, and Mr. Duff Roblin, the provincial leader of the Progressive-Conservative Party, has formed a new Ministry, which owing to its lack of a majority in the legislature will lead a troubled existence. But the result in Manitoba leaves the Liberal Party in control only of the two smallest Provinces, Prince Edward Island and Newfoundland, which between them contain less than half a million people; and until it regains control of more Provinces its recovery of power at Ottawa will be difficult.

But there is disquieting evidence of a prevalence of low standards of political morality in Canada's provincial politics. In British Columbia a Minister, who resigned, is facing prosecution in the courts on the charge that he accepted bribes from lumber interests, in Ontario three members of the provincial Cabinet have resigned under the cloud of allegations that they profited by the secret acquisition of stock in a gas company whose success was dependent upon financial help from public funds; and in Quebec M. Jean Lesage, who has left the Federal arena to become provincial leader of the Liberal Party, is demanding that a Royal Commission be appointed to investigate similar charges made by a newspaper, *Le Devoir* of Montreal, against members of the Duplessis Ministry.

Canada,

August 1958.

SOUTH AFRICA

A BUDGET OF BITS AND PIECES

THE Budget for the year ending March 31, 1959, was postponed some five months beyond the usual time of presentation, until after the new Parliament had assembled following the general election of April 16. It was finally presented on July 16, to be squeezed out of the main newspaper headlines not merely because of dramatic events in Iraq, Jordan and the Lebanon but by reason of its own intrinsic lack of interest.

Coming well after the close of the 1957-58 fiscal year, it held no surprise in respect of the size of the surplus on revenue account achieved during the previous year. With a revised estimate of revenue amounting to £305.6 million, a budgeted transfer of £13.5 million from revenue account to loan account to help finance the government capital expenditure programme, and a revised estimate of expenditure from revenue account of £270.8 million, the surplus on the 1957-58 revenue budget amounts to £21.3 million.

Both through the printed estimates of expenditure for 1958-59 and through announcements of government policy, the scale of financial provision needed for the present year was well known beforehand. Taxpayers were well aware that an additional £3 million would have to be found for improvements in civil service salaries, while the somewhat surprising reduction of £8 million in the Defence vote was already known, even though not all public doubts had been allayed by the comforting statement that the smaller Defence Force (mainly reduced by cutting down the intake of Active Citizen Force recruits) was to be more powerful as well as cheaper.

There was therefore little expectation that the budget would be more than one of bits and pieces, and expectations were not belied.

The 1958-59 Account

AS far as the revenue account is concerned, the total estimates of expenditure (excluding the now habitual transfer to loan account) have been placed at £284.2 million, or £13.4 million more than the revised estimate of expenditure in 1957-58. Upon the existing basis of taxation, the revenue for 1958-59 would have been estimated at £295.6 million, a decrease of £10 million on last year's collections. The whole of this decrease can be attributed to an expected falling-away in income tax, an estimate which is based upon last year's collection's having been so speeded up that little taxation save the current year's will be received in 1958-59. A secondary reason is no doubt the diminishing rate of increase in national income, though this still amounted to about 7 per cent for the year ending in mid-1957 as compared with price increases in the neighbourhood of 2 per cent and a population increase probably also just below 2 per cent. The yield from customs would also have been expected, at existing rates of duty, to decline by about £1.2 million,

which would have been offset by a rise in postal revenue. This drop in customs revenue is forecast as the result of a slackening of the import boom that characterized the economy last year; this being checked by financial measures designed to safeguard the balance of payments.

Despite this increase in the estimates of expenditure coupled with a decrease in the estimates of revenue, there would still be a considerable surplus of about £11.4 million. But the immensity of the public investment to be financed out of the loan account (a name that by now has become distinctly inappropriate) has again left the Minister of Finance with the problem of financing it in large part through the revenue budget. This may be an indication of the Union's growing fiscal maturity, though the desirability of using the State's taxing machinery to provide capital for business enterprises such as the railways is open to question. Once again it is the railways, with a massive loan estimate of £75 million, that take the lion's share. This is well over half the total loan programme of £146.2 million. There is little doubt that, as the Reserve Bank suggests, the administration of the South African railways, harbours and airways is now the largest capital spending unit in the economy as a whole. During the coming year the insatiable demands of Sasol, the public oil-from-coal venture, would seem to have reached a temporary halt.

In order to provide funds for capital investment of £146 million, the Minister has, in the first instance, no less than £44.2 million placed at his disposal by the Public Debt Commissioners. In the second place is the surplus of £21.3 million derived from the excess of revenue over expenditure in the revenue account for 1957-58. In the third place is a contribution of £26.5 million from the 1958-59 revenue budget and, finally, last year's savings levy (namely a 10 per cent surcharge upon income tax payments, forming a forced loan repayable after 5 years with interest at 5 per cent per annum) is being repeated. This is expected to bring in £10 million.

No less than £102 million out of £146.2 million in the loan estimates will therefore be raised without going to the market at all. Indeed, on a basis comparable with last year's, it would be £105.9 million out of £150.1 million, since items amounting to £3.9 million previously classed as loan account items have now been reclassified and transferred to revenue account. Even this underestimates the extent to which capital works are being financed without recourse to borrowing in the market. An extra £2 million is being found for National Road construction (the item not appearing in either revenue budget or loan budget), financed by an additional duty of 2½d. a gallon levied on imported petrol and paid over to the National Transport Commission.

The New Taxes

IN order to raise £26.5 million for transfer from revenue to loan account, as against an estimated surplus of only £11.4 million, fresh tax sources have had to be found. No change has been made in rates of income tax, but spirits (both imported and home produced) are to be taxed an additional 25s. a proof gallon, cigarettes are to have their special duty sharply raised

from 2*d.* to 12*d.* for 50, and duty on pipe tobacco is to be enhanced by two-thirds, to range between 1*s.* 11*d.* and 4*s.* 2*d.* per lb.

The customs duty upon motor-cars is also to be sharply raised. All price classes are now subject to an *ad valorem* as well as a specific duty (20 per cent plus 6*d.* per lb. weight on cars with an f.o.b. value of less than £600; 25 per cent plus 1*s.* per lb. weight on those with a value less than £800; and 30 per cent plus 1*s.* per lb. weight on more expensive models). An additional 6*d.* per lb. is to be paid on all cars heavier than 3,500 lb. Locally assembled cars (which would attract lower *ad valorem* duties than those completely imported) are to pay an increased excise duty of 1*s.* per lb. in place of 6*d.*

To compensate for the increased 2½*d.* a gallon on imported petrol an excise duty of the same amount is placed on petrol refined from imported crude oil at the Standard-Vacuum refinery at Durban, while a 2*d.* excise duty is to be paid on the gallon of petrols locally produced (e.g. from coal by Sasol or from torbanite shale by Satmar). These excise duties, however, are not to be enjoyed by the National Transport Commission but will be paid into general revenue. The estimated yields are as follows:

Motor-cars	£3 million
Petrol	£0.6 million
Cigarettes	£6 million
Pipe tobacco	£0.7 million
Spirits	£5.2 million
	<hr/>
	£15.5 million

With an estimated surplus of revenue over expenditure, on the existing tax basis, of £11.4 million this new taxation enables the Minister to budget for a surplus of £0.4 million after transferring £26.5 million (as against what was regarded as the surprising amount of £13.5 million budgeted in 1957-58) from revenue to loan account.

The New Loans

THERE remains a balance of £44.2 million in the loan account which must be found by borrowing. Mr. Naudé hopes to raise £18 million externally, which still leaves £26.2 million to be found within the country. Subscriptions are to be invited for a new public loan in November, on terms not yet disclosed, aimed more particularly at tapping the resources of financial institutions. This issue is expected to yield £5 million. For the rest, the Treasury is attempting to divert investment into the State's coffers by the manipulation of tax-free privileges. Interest earned on deposits with the post office savings bank is to be exempt from tax up to £50 p.a. instead of £25 p.a. per person, while the maximum amount which may be invested by an individual in any one year is also doubled from £1,000 to £2,000. A small upward adjustment of the yield of Union Loan Certificates from 5.12 per cent per annum to 5½ per cent is also to be accompanied by a sharp increase in the maximum holding allowed to an individual investor from £1,250 to £5,000. Finally, a new issue of 5-year 5 per cent investment bonds is to commence in

September, up to a maximum of £10,000 for each individual investor, the interest to be tax free.

For a taxpayer who is paying 10s. or 12s. 6d. in the £, the diversion of an investment into these tax-free channels represents an effective rate of interest of 10 to 13 per cent upon the marginal £10,000 or £15,000 of resources *per person* which can be allocated to such investments by the richer tax payer. It seems obvious that few private investments at the present day, with its uncertain economic prospects, could hope to compete with these terms. Following on such concessions as the exemption last year from donations tax of gifts up to £5,000 per child made during a donor's lifetime, the provisions of this year's budget certainly provide evidence of a desire not to weaken the incentives to continued capital formation amongst the wealthy.

No doubt there will be argument as to whether this degree of encouragement is not, in equity, excessive, when it is the taxpayer without a substantial tax-free income who has to shoulder the service of the debt incurred towards those who make the tax-free interest-bearing loans. There is another point which might deserve a little attention. It is well known to what an extent the savings of the only moderately wealthy in South Africa are made through institutional channels and therefore are not readily available as "risk" capital. Even admitting the public importance of the government's programme of capital works, is it still wise to give so great an encouragement by tax-free concessions, and also to divert the savings of the rich away from "risk" ventures into government bonds?

The Minister admits that it is difficult to calculate how much additional funds will be attracted from the public by these "special measures". If he is not far out in his tentative estimate of £15 million it suggests that the circle of people who can afford to take full advantage of the tax concessions offered is minute.

No doubt this uncertainty is one reason why Mr. Naudé has made no attempt to match the remaining £6.2 million of the loan programme with any resource but short-term borrowing. Indeed, if the economy proves so sluggish and the capital market so tight that it is not more than amply covered by a larger surplus on revenue account and a larger response to the "special measures", the creation of a £6 million deficit might be needed to give a welcome fillip to economic activity.

It was mentioned last year* that the first of Mr. Naudé's budgets was to be supplemented by a Bantu Education budget, for which an increased poll-tax or general tax upon both male and female Africans was announced, starting at £1. 10s. and thereafter graduated according to income. In fact this measure was not proceeded with, apparently because the plans for spending the additional proceeds upon African education were not ready. This year, however, the plan has been revived, with an increase in the poll tax on male Africans from £1 to £1. 15s. as from January 1, 1958, to be followed in 1960 by further amounts graduated according to income, at which date a graduated tax on African women is also to come into force, payable by all who have independent earnings of £180 or more. Mr. Naudé has been at some pains

* See THE ROUND TABLE, No. 187, June 1957, p. 263.

to represent that no injustice is involved. There is substance in some of his arguments, but, in the nature of the case, he has had to descend to special pleading. It would indeed be difficult for him to meet the argument that a government that can deal generously with farmers plagued with wheat lice, and more than generously with the richer income-tax payers, has not yet produced one of the much advertised benefits of *apartheid* for a non-White section of the community without making the beneficiaries pay for it themselves and in advance.

The Balance of Payments

THE setting into which the Budget has to be placed is one of a persistent and growing deficit in the Union's balance of payments. In 1956 there was approximately equilibrium in the Union's balance of payments on current account and a rise of £11 million in the reserves of gold and foreign exchange. During 1957 not only was there a £58 million increase in imports compared with a mere £35 million increase in merchandise exports which not even a £16 million rise in gold output completely covered, but there were increased freight and insurance charges and increased dividend payments to outside investors, leading to a final deficit of £13 million on current account. Still more alarming was an outflow of private short-term capital of £27 million and a decline of £31 million in the gold and foreign-exchange reserves. In the first quarter of 1958 the gold and foreign-exchange reserves fell by another £24 million. Imports rose during the quarter to a record £160 million while exports fell by £13 million and gold output by £1 million in comparison with the first quarter of 1957, and the deficit on current account rose to £41 million for the first quarter alone. Moreover, the outflow of private capital still continued, though on a smaller scale, viz. £3 million only. In April and May there was a continuing trade deficit of over £34 million and a further decline of over £15 million in the gold and foreign-exchange reserves, since when there has been about a £4 million improvement in the reserves.

A large part of the growing import gap must be placed to the account of bounding motor-car imports after the easing of import controls. Imports of motor vehicles were nearly £21 million higher in 1957 than in 1956, which represents a 40 per cent increase. Yet the relaxations took effect only in the second half of the year. During the first half of this year the spate of motor-cars continued unabated. The singling out of motor-cars for moderately increased duties should be viewed in the light of this fact. Other measures are a notice to the motor trade that from September 15 minimum hire-purchase deposits on recent cars are to be raised from 33½ per cent to 50 per cent and the maximum period of payment reduced from 24 to 18 months. The commercial banks agreed to make a discriminatory ½ per cent increase in their discount and interest rates where the financing of imports is concerned, but this was subsequently made general. A mild credit squeeze has been inaugurated by requiring the commercial banks, from June 30, to hold a supplementary reserve with the Reserve Bank equal to 2 per cent of their liabilities to the public, and from July 31 equal to 4 per cent of their liabilities.

The Government is to be congratulated on refusing to be stampeded into re-imposing strict import control rather than thus mildly restrict credit. The gross over-importing of motor-cars was a direct consequence of the distorted ideas of market demands that control had created. Distributors had no conception how narrow was the margin between an unsatisfied demand and one fully satiated. Many may find they have burned their fingers, and import is likely gradually to settle down at a level more closely related to market requirements.

A Withdrawal from the Sterling Area

THE same favourable judgment is not easy to apply to the other measures that were taken early in May to protect the reserves, which amount to a virtual withdrawal from the sterling area. The fundamental feature of the sterling area is the freedom to transfer funds from one part to another. In the past South Africa has derived great benefit from this freedom. The spectacular development of the post-war years could never have taken place but for the encouragement that this freedom gave to investment of United Kingdom capital in the Union.

Since May, however, the holding of financial assets in other parts of the sterling area is merely permissive and applications for sterling-area currencies for any purpose are subject to the same restrictions as applications for dollars. Exporters to sterling area countries are subject to controls to ensure they remit the proceeds back.

Undoubtedly South Africa has recently been experiencing some of the disadvantages of this sterling-area freedom, when the Bank of England, as guardian of the reserves of the area as a whole, engaged in a spectacular use of Bank Rate to check a run on sterling which, in this instance, would seem to have had its origin in extravagant Indian industrialization plans. But it is not clear that South Africa will gain very much from a virtual withdrawal from the Sterling Area club, characterized by the melancholy substitution of "Union of South Africa" for "Sterling Area" throughout the Government Notice in which sterling area exemptions from control had previously been authorized.

Especially now that the English Bank Rate is back at 5 per cent it is unlikely that there would have been a cumulative net outflow into the United Kingdom *via* trade credits; since Mr. Naudé announced that no restrictions would be placed on stock exchange transactions the repatriation of Union securities from United Kingdom holders hit by the credit squeeze would not be retarded by this extension of exchange control. With the exception of short-term assets in the United Kingdom necessitated by the financing of South Africa's foreign trade and the close relations between the central banks, the only important area of South African investment in the outside sterling area disclosed by the Reserve Bank's first census of foreign assets and liabilities in 1956 is the Federation of the Rhodesias and Nyasaland. It is incredible that the Union should wilfully disrupt the economy of a neighbour which may be said to represent our investment frontier, and shortsighted if the attempt should be made. After all, much of the South African assets in the

Federation represents those of Union firms doing business there, and the Federation represents the Union's most important export market next to the United Kingdom.

Not much is therefore likely to be gained by a "snatch" aimed at the outside sterling area. It might well be asked, then, if it is worth while making this massive breach of free financial intercourse within the sterling area to so little real effect. In any case, surely it is early to assume that South Africa has now reached the point when it can no longer look forward to any substantial import of capital, fostered by the doctrine of free movement within the sterling area, but must instead look forward to a constant outflow unless direct measures are taken to prevent it. It is true that the present restrictions are not intended to check an inflow of capital; but their effect in weakening the sterling-area structure may in the long run lead to that. This retreat from the Union's general policy of removal of restraints has the air of an unwise panic measure, taken because the application of effective financial measures to safeguard the balance of payments was delayed too long because an election was to be fought.

This verdict is all the harsher because the Treasury, while willing to abandon with apparently no regrets the advantages of sterling area freedom of movement of funds, is showing itself alert in making secondary adjustments which would facilitate investment in the Union. Thus Mr. Naudé has announced concessions designed to encourage investment in prospecting for minerals, the removal of income tax liability for bonus shares issued by Union companies and, most significant of all, the freeing from tax liability of capital profits made by overseas companies from sales of South African shares which they have acquired with funds remitted from overseas. This was mentioned as a special inducement to the American-South-African Investment Trust Company, as a medium through which Americans would invest in the shares of South African undertakings. The same concession, Mr. Naudé intriguingly indicated, would apply to profits on the sale of gold which this company intended to acquire and hold in the Union. Does that mean that the company is setting out to acquire gold in anticipation of an increased dollar price, which is now regarded by the company's sponsors as a matter of probability rather than of wishful thinking?

South Africa,
August 1958.

AUSTRALIA

STATE AND FEDERAL ELECTIONS

ON May 31 a general election took place in Victoria for the Lower House, the Legislative Assembly; an election for one-half of the Upper House, the Legislative Council, was held three weeks later.* The result of the May election was as follows: Liberal-Country-Party (L.C.P.) 38; Australian Labour Party (A.L.P.) 18; Country Party (C.P.) 10. Thus begins a series of State and Federal elections, which will be held during the next twelve months. The Federal election must occur by February next, and elections in New South Wales, South Australia and Western Australia by May 1959. Federal and State issues are by no means the same, but they are interrelated, and there is a close correspondence between party structures at the two levels.

The Victorian election was fought principally by four important parties, namely, the L.C.P. (which corresponds to the Liberal Party in Federal politics), the C.P., the A.L.P. and the Democratic Labour Party (D.L.P.). It was the first held after a redistribution of seats. The L.C.P. Government of Mr. H. Bolte had been in office with a Lower House majority (after providing a Speaker) of only one; it had lacked an independent majority in the Upper House, where it had had to rely upon C.P. support, and in many instances its legislative programme had suffered amendment or delay. The most important issue was the administrative alternative to the continuation of L.C.P. rule. The L.C.P. was the only party having a substantial likelihood of achieving an independent majority. The most probable alternative result was one in which either the A.L.P. provided a Government with C.P. support, or else the C.P. provided a Government with A.L.P. support, a coalition between those two groups being impossible because of A.L.P. Party rules.

It was clear that the D.L.P. had no hope of winning any substantial number of seats, and likely—as it happened—that it would lose the only seats that it held before the elections. Nevertheless, its participation was of critical importance, because the resulting split of the vote on the left was the main reason why the A.L.P. had so little chance of securing an independent parliamentary majority. The circumstances in which the several Labour breakaways now constituting the D.L.P. came into existence were described two years ago.† These groups federated in March 1957, the organization covering all States except Queensland. (The Queensland Labour Party, which resulted from the 1957 A.L.P. split in that State, has not joined the D.L.P., and has had little official contact with it in spite of similarities in origin and policy.) The State branches of the D.L.P. exhibit many local peculiarities, and their relations with the State branches of the A.L.P. vary from State to State. On many matters of policy there is agreement between the D.L.P., the right wing of the A.L.P. and the left wing of the Liberals; if it were not for some specific

* The result of the June election for the Legislative Council was: L.C.P. 17; A.L.P. 9; C.P. 8; D.L.P. 0.

† See THE ROUND TABLE, No. 183, June 1956, pp. 289-94.

issues, e.g. banking, important mainly in Federal politics, one could conceive of the D.L.P.'s bargaining for the distribution of its second preferences with a good deal of freedom, and varying its policy from seat to seat. But in by-elections which have occurred in several States during the last year, the D.L.P. has consistently instructed its voters to give their second preferences against the A.L.P. The results showed that the D.L.P. commands from 10 to 15 per cent of the vote and, if the rest of the vote is split fairly evenly between the other parties, the D.L.P. second preferences are decisive.

Recognizing this, the A.L.P. leaders in Victoria made some efforts at securing D.L.P. preferences for the Assembly election. Neither official gestures nor unofficial contacts and propaganda had any effect on the D.L.P. leadership, which advised D.L.P. voters to place the A.L.P. candidate last (or where there was a Communist candidate, second last). D.L.P. election propaganda was strongly critical of the "Evatt Labour Party". The A.L.P. subsequently abandoned its friendly efforts towards the D.L.P. and decided to give that party last preference in the Upper House poll.

The Victorian vote showed that there was a swing away from the L.C.P. of about 4 per cent of the voters as compared with 1955, and a corresponding increase in the vote for both the A.L.P. and the D.L.P., the C.P. vote remaining almost the same; this estimate makes allowance for the larger number of D.L.P. candidates than at the last poll. However, it should not be assumed too readily that a direction from the D.L.P. leaders to their followers to allot second preferences to A.L.P. candidates would have produced results correspondingly favourable to the A.L.P. Some part of the D.L.P. vote derives not from former A.L.P. followers, but from former Liberal voters. Indeed, the D.L.P. may to a considerable extent perform the function of enabling the "swinging" element in the Liberal following to satisfy some resentment against Liberal administrations—(for example, because of their relaxation of rent controls at the State level or their management of banking policy at the Federal level)—without having to face the alternative of voting the A.L.P. into office. Probably such voters would in any circumstances give their second preferences to the Liberals rather than to the A.L.P.

The Victorian Lead Followed

IT is dangerous to project the Victorian results, either for State or for Federal purposes, into the politics of the other States. But independent criteria in those States suggest the same result. In New South Wales the D.L.P. and the State A.L.P. are not in the same strained relations as in Victoria. The internal troubles in the D.L.P. of New South Wales which occurred in February 1958 were partly due to the unwillingness of some D.L.P. leaders to carry into State affairs their hostility towards Dr. Evatt and the Federal Party. The A.L.P. has been in power in this State for sixteen years, and there is much dissatisfaction with the record of the Cahill Government. On the other hand, the Opposition parties also have been weak and the Liberals in particular have suffered from frequent changes in leadership. But the Government has recently offended two groups of voters by relaxing rent controls and by introducing a ton-mile tax on road hauliers. Even if the

D.L.P., as is possible, adopts a more flexible preference policy in this State than in Victoria, intervention of that party might still be sufficient with the other factors mentioned to bring about the defeat of the A.L.P. The Liberals and the Country Party have entered into an electoral pact, ensuring fewer three-cornered contests in marginal areas than occurred in 1955.

The D.L.P. has had little success in South Australia and in Western Australia, and is unlikely to be an important factor in either State or Federal elections there. In South Australia there will, therefore, be a substantially two-party content, non-Labour being represented by the unified "Liberal and Country League"; the inequitable distribution of electorates together with its own reputation for efficiency is likely to ensure the continued existence of the L.C.L. Government headed by Sir Thomas Playford who, however, may have to rely upon independent support.

In Western Australia the A.L.P. Government of Mr. A. R. G. Hawke appears from recent by-elections to have retained a substantial measure of support, while the Liberal and Country Parties (separate as in the Eastern States) have recently been on bad terms with each other; hence a continuation of A.L.P. rule seems probable.

In Tasmania no general election need occur until 1960, but an earlier one is possible because of recent events in that State affecting the stability of Mr. C. Cosgrove's A.L.P. Government. The A.L.P. has a majority of one in the Lower House, which it owes to a State constitutional system under which the Opposition provides a Speaker; it is in a minority in the Upper House. For several months there have been accusations and counter-accusations concerning the management of the State-licensed lottery, and a Minister has now been committed for trial on a charge of soliciting a bribe. The D.L.P. is fairly strong, and in the situation just described it may campaign against the A.L.P. Government at a State election; the lotteries issue alone may be sufficient to defeat the A.L.P., and the determined interposition of the D.L.P. would certainly do so.

In Queensland, a Liberal-Country-Party coalition holds office, owing to the split in the A.L.P. in 1957 and to the combination of gerrymandered electorates and first-past-the-post voting which benefited Labour while it was unified and now benefits its opponents. But the distance between the Queensland Labour splinter Party and the A.L.P. is not so great as is the distance between the D.L.P. and the A.L.P. in the other Eastern States; a reunion of the two groups is possible, and an exchange of preferences in the Federal elections possible. This may make the A.L.P.'s prospects in Queensland at a Federal election somewhat better than might otherwise have been expected. But the State as a whole has a long record of voting Labour for the State parliament, and Liberal-C.P. for Federal purposes, and probably will adhere to this practice during the coming year.

Fair Omens for the Coalition

THE net result of the above survey for the purpose of Federal politics is to suggest the strong probability of the Liberal-C.P. coalition's continuing in power for another period. Only a serious economic recession,

accompanied by a rapid growth of unemployment, could produce an issue powerful enough to enable the A.L.P. to overcome its present handicaps in the Eastern States, where the result of elections for the Commonwealth House of Representatives is determined. Whatever variations there may be in D.L.P. voting policy at State levels, it is certain that the D.L.P. leadership will continue to advocate preferences against the A.L.P. in Federal elections so long as the policy and leadership of the Federal A.L.P. continue as at present. The D.L.P. continues to be representative largely of a section of the Roman Catholic community and underlying all the discussions is the difficulty of reconciling its philosophy with that at the back of the A.L.P. In the unofficial exchanges that took place during April and May between the Labour leaders—chiefly in the form of statements in the press and at television interviews—the D.L.P. stated as their terms for peace with the A.L.P. the following items: reversal of the A.L.P.'s policy of according recognition of Communist China; revival of the A.L.P. "Industrial Groups" in the trade unions, in order to defeat Communist influence; and strict enforcement of the official A.L.P. policy which forbids A.L.P. members to stand on "unity tickets" with communists in trade union elections. There have also been D.L.P. suggestions that they would require the removal of Dr. Evatt from Labour leadership, and some further modification of the socialization plank in the A.L.P. platform, but probably neither of these demands would be so strongly pressed. Dr. Evatt himself has not expressed so unequivocal and dogmatic an opposition to these terms as might have been expected, but many of his lieutenants and all the senior members of the A.L.P. State executives have done so.

Dr. Evatt is obviously in a state of desperation over the present position. His chances of becoming Prime Minister of Australia are slender, unless he does so as a result of the next Federal election. The general movement of politics would now give him a chance of success; even if economic difficulties go no farther than at present, the amount of unemployment and business recession is sufficient to cause some swing in political opinion, and some swing is likely to occur merely because the Menzies-Fadden government has been in power for eight years. Sir Arthur Fadden resigned in March from the leadership of the Country Party, and will retire from politics at the end of this parliament; he has been succeeded by Mr. J. McEwen, a Victorian, and this may weaken the prestige of the Country Party in Sir Arthur's home State of Queensland. The Defence Minister, Sir Philip McBride, is also retiring at the end of this parliament and this may produce some weakening of Liberal influence in *his* home State, South Australia. But it seems unlikely that these and other factors working in Dr. Evatt's favour could overcome the opposition of the D.L.P.

Basic Wage Judgment

JUDGMENT was given at Melbourne on May 12, 1958, following a "Basic Wage Inquiry" initiated by summons on behalf of several organizations of employees. The Commonwealth Conciliation and Arbitration Com-

mission on the same date published its reasons in a document of 88 foolscap pages, including a 54-page appendix of economic data which relate to the prosperity of the nation. The basic wage is, in effect, defined in section 33 (1) (b) of the Conciliation and Arbitration Acts, 1902-58, as:

that wage or that part of a wage which is just and reasonable for an adult male without regard to any circumstances pertaining to the work upon which or the industry in which he is employed.

All three Judges of the Commission held that this "basic wage element" should be increased in the minimum wages and salaries prescribed by Federal awards in all States of the Commonwealth.

The majority consisting of the President (Kirby C.J.) and Gallagher J. (by the authority that Section 68 of the Act confers) awarded an increase of 5s. a week for adult males, with proportionate increases for adult females (generally 3s. 9d. a week arising out of female base rates that are three-quarters of the basic wage) and for juniors and apprentices. Thus the basic-wage element in Federal awards operating in the capital cities was brought up to a weekly amount ranging from £12. 3s. in Brisbane to £13. 8s. in Sydney. On their view of economic conditions, the majority considered that it was "unsafe and therefore undesirable in the interests of all to grant an increase higher than 5s. at the present time".

The Federal basic wage had been halted in September, 1953 (at £12. 3s. a week for Sydney) when the former Court abandoned its previous policy of allowing the wage to be adjusted each quarter, in response to changes in a Court series based on the "C series" retail price index, during periods between its basic-wage judgments. Then in June 1956 the Court awarded an increase of 10s. a week. The present Commission, having acquired similar powers of wage-determination under new legislation, then awarded a further increase of 10s. a week in May 1957.

These previous two judgments are questioned in an unusual manner by the dissenting judge (Wright J.) who failed to agree with the amount awarded on this occasion. It is stated in the reasons jointly given that Wright J. was "influenced to some extent, but by no means entirely, by the fact that unlike the majority he is convinced that the rates of basic wage resulting from the 1956 and 1957 increases might have been higher without unduly straining the capacity of the economy to sustain them".

Wright J. "is of the opinion that the conclusions drawn from the material in the appendix justify a basic wage level substantially higher than that proposed by the majority". However, "substantially higher" is a disconcerting phrase. In the interests of industrial peace and public understanding it would perhaps have been better if he had stated the amount of increase he favours and emulated his brother judges in exposing for analysis more specific reasons for his opinion.

In one respect, at least, the Commission is unanimous. The three judges rejected the claim on behalf of the unions that the pre-1953 system of automatic quarterly adjustments should be restored. This is now the fourth formal occasion on which Court or Commission has decided to remain

continuously responsible for all variations in the basic-wage element of Federal awards. It is true that automatic quarterly adjustments had operated from as far back as 1921, although they were suspended during the war years. The Commission, however, adopts the views of the old Court: that price movements do not necessarily correspond with changes in national wealth; that the tribunal is always available to the parties; and that, since its present touchstone is more the highest "sustainable" wage than the older one of provision for minimum "needs", no hardship can result. The old Court had awarded a large increase to men and a larger one to women in December 1950, and from that date made both "prosperity" and "needs" elements adjustable. With this "accelerating" influence, a very rapid rise in the price level then followed, which discredited the practice.

The Commission rejected the claim of the South Australian Government for disparate increases, which would take account of differences in the cost of living in the different capitals, instead of a uniform increase in the basic wage. There is a logical difficulty in view of the abandonment of quarterly adjustments, but the Commission conceded the existence of anomalies arising from differential ingredients in the past,⁸ and it properly left the way open for investigation on a more suitable occasion.

The Commonwealth Government exercised its right under section 36 of the Conciliation and Arbitration Act, 1902-58 to intervene "in the public interest"; and its counsel provided useful economic data with objective interpretation, although (obviously in terms of brief) without much helpful forecasting of economic trends. The State of Tasmania indicated that it supported the claims of the unions, but took no further part in the proceedings. Only South Australia and Tasmania, of the six States, availed themselves of the right to be represented.

The super-structure of "margins" resting on the basic wage, which fills out the minimum wage and salary payments prescribed by Federal law, was discussed at the hearing. Four associations of professional people in the Commonwealth Public Service advanced the claim that the basic wage should not be considered in isolation, but with regard to social and economic repercussions and "established relativities in the wage structure". The Commission explains the difficulties of a technical and machinery nature, together with substantive grounds of policy, which make it impracticable to "set the social and industrial policy of the nation" in the course of settling an interstate industrial dispute on limited issues.

Professional workers said to number 200,000 persons were also represented by their associations. While supporting the case for the unions, their representatives seemed to indicate a desire that the Commission should "keep something in hand" for many marginal claims that are pending. The basic-wage judgment of 1958 may thus be the prelude to important legal proceedings affecting the entire wage structure.

Australia,

August 1958.

NEW ZEALAND

A DRASTIC POLICY

PARLIAMENT opened on June 10 in an atmosphere clouded by a further decline in the external trading situation and by sharp controversies. Some trends in educational practices in the primary schools were under fire from critical parents. There was criticism of the proposal to terminate compulsory military training. Renewed restrictions on the use of electricity, due in part to low rainfall in the headwaters of the Waikato River, generated controversy over power development. Bitter argument centred on the future of guaranteed prices for dairy products. In the Speech from the Throne it was announced that the Government intended to appoint a Royal Commission to inquire, in 1959, into aspects of the education system, and that it would submit White Papers in regard to its plans for Defence and for Power Development.

Even if the present marketing problems turn out to be short-run ones, they must still be weighed in relation to the difficult long-run problem. Should the external trading situation turn out to be more than transitional it must greatly complicate the problem of maintaining a rate of investment and a level of imports of equipment and materials and necessary finished goods adequate to provide employment and to maintain levels of consumption in face of the population increase stereotyped as "three millions or more by 1975", which involves sharp increases in the labour force from 1960 or so. The necessary increase in volume of production and of exports was not maintained in 1956-57, but the results for 1957-58 promise to be better, and those for 1958-59 better still, given adequate supplies of imported materials.

The most immediate problem is the exchange and balance-of-payments emergency revealed in the following table for years ended March 31.

New Zealand: Oversea Exchange Transactions (£ million)

	1956	1957	1958
Export receipts	273.3	275.3	274.0
Other receipts	37.9	45.8	43.8
Total	311.2	321.1	317.8
Payments for government imports	22.3	29.3	29.9
Payments for private imports	242.1	234.3	266.2
Other payments	63.2	56.7	61.4
Total	327.6	320.3	357.5
Surplus (+) or Deficit (-)	-16.4	+0.8	-39.7

As compared with 1956-57 the export results, for the years ended March 31, might be summarized loosely in these terms: volume of wool up 2 per cent with receipts up 4 per cent; volume of meat down 10.7 per cent with receipts up 3.6 per cent; volume of butter up 5 per cent with receipts down 10.7 per cent, and volume of cheese down 3.2 per cent with receipts 30 per cent down.

In March the problem seemed to be one of curbing excessive private imports, made difficult by the fact that about 80 per cent, or slightly more, of imports are in the form of materials, semi-finished goods and equipment. There was a heavy excess of payments to the Sterling Area, especially to the United Kingdom and Australia; a very small excess of payments to the Dollar Area, and an excess of receipts from the O.E.E.C. countries and from other countries. This is evidence of attempts to diversify markets.

After March, however, the problem became more serious by the continuance, until very recently, of the very low London price for butter of 206s. per cwt.; by the continuance until recently of very low prices for cheese, and by a serious fall in the price of wool from the level ruling in December 1957. As a consequence the exchange reserves have increased only slowly and slightly from the low point of £42 million on February 5 to £54 million on June 18, whereas in 1957 they rose by £35 million over the same period. After June they are likely to undergo a seasonal decline. It would seem that, if sustained importation has maintained or built up stocks, those stocks should be carefully husbanded over the near future.

Although the export income for the calendar year cannot, of course, be foreseen, the official New Zealand Economic Survey pointed out that at June prices "receipts for the calendar year could be about £50 million less than in 1957". Such a 15 per cent fall in export income would be equivalent to a 5 per cent fall in national income, if secondary effects can be offset, and to do this should be a primary object of policy.

Trading bank advances in March 1958 were at £183.8 million, 15 per cent higher than in March 1957, when they were 15 per cent less than in March 1956. In April the reserve ratios were increased to 26 per cent of demand liabilities and 7 per cent of time liabilities. This pressure resulted in only a slight decline to £177.7 million at the end of May. In his financial statement the Minister of Finance, Mr. A. H. Nordmeyer, said on this issue:

The Government is of the opinion that the present situation calls for a much greater reduction in trading bank advances than has so far been achieved. It believes that the continuing high level of advances is a major factor in causing inflationary pressures in our economy. If the present reserve ratio system operated by the Reserve Bank proves ineffective in producing the desired result, other measures may have to be adopted to ensure that advances are reduced to a level more in accord with the overall economic position.

This may be justifiable support for a cautious and selective pruning by the trading banks. If, however, the intention should be so seriously pressed as to restrict desirable realignments in production by farmers, to prevent the proper husbanding of stocks, or the sustaining of production by manufacturers, it would seem without further explanation to smack of folly.

The potential impact on the dairy industry, protected until July 31 by guaranteed prices, is highlighted in the 1958 Economic Survey:

Since the high point in 1955 dairy produce prices have fallen approximately 45 per cent which is not much less than the drop of 47 per cent which occurred between 1929 and 1934.

Even taking the average prices for 1955-57, or the June 1957 price, the fall was, as of early June, about one-third for butter and but little less for cheese. Industry reserves of £16.5 million at July 31, 1957, built up from realizations in excess of the guaranteed price, have been used up, and temporary advances from the Reserve Bank in respect of unsold produce may, by July 31, amount to between £8 million and £12 million, depending on the trend of prices. Obviously the guaranteed price structure has to be changed or a substitute arrangement found. The dairy industry is as insistent on the principles and obligations attached to the Guaranteed Prices Scheme as it is ready to contemplate realignments in production and in marketing.

As palliatives there are the £20 million London loan; the advance of £10 million Australian arising from trade discussions between Mr. Nash and Mr. Menzies, and, in response to the appeal for anti-dumping duties, the delayed decision of the United Kingdom Government to secure agreed limitations of supply to the United Kingdom from certain countries identified as directly or indirectly subsidizing the production and export of dairy produce. New Zealanders are somewhat doubtful whether the resulting reduction in supplies will bring about the expected moderate rise in the London price of butter, though keenly aware that every such rise will ease an otherwise desperately difficult adjustment in New Zealand.

The agricultural industries and the Government are aiming at more intensified diversification in products and markets. The dairy industry may still further equip itself to shift quickly from one milk product to another, though markets for all dairy products seem limited. There are hopes of selling more meat to the United States, without alarming domestic producers, and to Japan and other countries. Marketing the increasing flow of lamb production may present difficulties, but the buoyancy of beef prices arouses strong hopes. Dairy farm practice may be aligned to increasing pig production, and to rearing cross-bred stock for sale to beef raisers. Domestic production of wheat may be increased. In the search for such long-run adjustments attention is being concentrated on more efficient production, better handling, higher quality and improved packing, and on an aggressive search for small openings in many markets, with more numerous representatives abroad, both of the Government and of the marketing organizations.

A Shock Budget

IN a situation calling for strong but careful action, the Minister produced a Budget described by a leading daily newspaper as "a shock budget with a vengeance". The objective asserted was: "to ensure that any reduction in living standards arising from lower prices for our exports is spread fairly throughout the community without hardship or unemployment". In face of the inflation-creating possibilities of election promises the Minister reiterated: "the Government takes the view that we are facing an inflationary situation which requires corrective action". He also announced the, perhaps inconsistent, intention "to reduce interest rates in New Zealand progressively in order to lessen the burden of interest payment to the taxpayer, the ratepayer and the private borrower". He gave as "basic hypotheses" for the Budget:

that full employment could be maintained; that imports could be restricted within limits set by current earnings and "such borrowing as the circumstances may warrant"; that, except for a delayed rise in the price of butter, export prices would remain at about the June level, and that local production would be substantially increased "to compensate in part for reduced imports". He also said these "basic assumptions may be unduly optimistic—or, on the other hand, they may be unnecessarily cautious. There has certainly been no period since the war when accurate forecasting of economic and financial prospects has been more difficult."

The Budget provided for increased Consolidated Fund expenditure on State Services, especially police, hospitals and education, and notably on development of primary and secondary industries. The usual £14 million transfer to the Social Security Fund, not made last year, is in 1958-59 to be increased to £24.6 million.

The Minister announced that the Government would, in fulfilment of election promises, introduce legislation that would, from October 1, 1958, increase the weekly rate of age benefit and similar pensions to £8 for a married couple, and £4. 10s. for single persons; increase the family benefit from 10s. to 15s. per week for each dependent child, and to increase to £3 per week the allowable income for age beneficiaries when 65 years of age or over. From April 1, 1959 universal superannuation, now £110, is to be raised to £156 per annum, and from April 1, 1960 to £208 per annum. The increased Consolidated Fund transfer is expected to increase the Social Security Fund reserve by about £6.4 million during the year, and this reserve is to be further built up by accumulating in it the collection of the social security charge on income other than salary and wages, estimated to produce £6.4 million during the present financial year.

An ambitious Works and Capital programme is planned to absorb £70 million during the year, and in addition £15 million is to be provided for use by the State Advances Corporation. As compared with last year there are large increases for Land Settlement, Hydro-electric development, and Railways, but only a small increase for Housing. Finance is to be provided from revenue, depreciation and capital reserves and miscellaneous capital receipts amounting to £27.5 million; from small savings £18 million; and from loans, including a £15 million domestic loan, recently filled, the London loan of £20 million, and such other loans as may be raised during the year.

To meet the situation of the dairy industry the temporary advances, estimated in the Budget at the maximum of £12 million, are to be treated as an eventually repayable loan, and in addition it has been decided that each year's operations should be kept in a separate account at the Reserve Bank; and the Budget announced, in anticipation of discussions with the industry, that "a sum of £5 million will be advanced from the Consolidated Fund to the industry to enable a reasonable price to be paid to producers of butter and cheese for the 1958-59 season". This is to be a repayable advance.

On the basis of this advance, and an expected London price of about

270s. per cwt., the Minister of Agriculture proposed at the annual conference of the New Zealand Dairy Board on July 17 that there should be a two-tiered price of 32d. per pound for the first 10,000 lb. produced by individual farmers, with the balance at market realization, probably 28d. per pound. This he favoured as protecting especially the farmers with smaller butterfat output, and, by implication, with the smallest net incomes. The alternative proposed was a single price of about 30d. per pound (as against the previous 36.25d.). The conference rejected the "two-tiered price" as favouring mixed farmers rather than specialized dairy farmers, and as inequitable and unworkable, and they protested against a price which would represent a fall of about 15 per cent in gross income from butterfat, and a fall of about 30 per cent in net income. However, negotiations and investigations are still continuing.

Drastic Increases in Taxation

TO meet this increased expenditure the basic income tax rate is to return to the 1954 level, personal exemption to fall from £375 to £300, but the exemption for a wife to rise from £125 to £200, reducible by £1 for every £1 by which the wife's income exceeds £100 per year. These changes, as applied through P.A.Y.E. tables will become effective only from October 1, 1958, after incorporation in new tables, and adjustments will provide uniformity for those otherwise taxed. Tax payments will increase for all classes, but especially single taxpayers, rising for a single taxpayer with £1,000 per year from £77. 11s. 7d. under the rates of 1957-58 to £97. 10s. 5d. under those of 1958-59, and later, for a full year, if unaltered £120, and for one with £1,500 from £165 to £201. 8s. 1d. and £240. 18s. 9d.; while for a married man with two children and the same incomes the figures would be from £36. 11s. 3d. to £42. 13s. 1d. and £48. 15s. and from £111. 15s. 11d. to £130. 8s. 7d. and £149. 1s. 3d. New and higher scales are to be applied in gift duties after June 26, and also in death duties where the final balance exceeds £12,000, reaching a maximum of 60 per cent for the excess over £30,000.

Sales tax on electrical distribution gear and on omnibuses is to be abolished. This will be of appreciable advantage to local bodies. On motor vehicles, except motor cycles, it is to be increased from 20 per cent to 40 per cent, while customs duty on motor spirits is to be raised by 1s. to 2s. 3½d. per gallon, the additional 1s. going to the Consolidated Fund, the remaining 1s. 3½d., as before, to the National Roads Fund. Excise and customs duties on cigarettes are to rise from 33s. 6d. to 70s. per 1,000; on manufactured tobacco from 11s. 8d. to 22s. 9d. per pound; on beer from 3s. to 6s. per gallon, and on potable spirits from 30s. to 60s. per gallon.

A new tax on dividends was said by the Minister to be intended to correct an anomaly in that "persons may have substantial incomes from dividends without themselves paying any direct taxation", which anomaly "has been an obstacle in our attempts to negotiate reciprocal taxation agreements with other countries". The graduated rate of company taxation is to remain, except for reduction in the maximum rate from 8s. 8d. to 8s. 6d. in the £, plus the uniform 1s. 6d. in the £ for social security income tax. Dividends received in the taxpayer's current year are to be declared for income tax pur-

poses, to be treated as the final increment of taxpayers' income, "and will be subject to a maximum overall rate of 7s. in the £ on the dividend income". He contended that the combined taxation paid by the company and the dividend receiver will then not represent a rate higher than the maximum rate of 13s. 6d. in the £ on individuals. With the avowed aim of preventing evasion rather than raising revenue there is to be a new "excess retention tax" at a flat rate of 7s. in the £ on "retentions" in excess of 50 per cent of profits after taxation. The 50 per cent allowance will "not be allowed" in respect of dividend income received from other companies. "Certain incorporated societies, some classes of company which do not have share capital, or which are owned by the Crown or other exempt bodies will not be liable for the excess retention tax."

If these changes were to pave the way for reform in the present system of company taxation, by appropriate reductions in company tax, and transfer to recipients of dividends, then, apart from any inequalities that may be corrected, there would be much to say for them. However, they will bear sharply and suddenly on many taxpayers, they will bear heavily on holding companies, and both directly and to the extent to which they force payment of dividends, they seem counter to the avowed aim of preventing inflation. They must reduce potential investment. Of two aims in the Budget, equality of sacrifice in meeting export changes, and increasing productivity to offset them, the accent seems to be heavily on the former.

It is not easy to see the Budget as anti-inflationary in the sense of withdrawing income from immediate expenditure. On the surface it seems to aim only at a surplus of £0.2 million in the Consolidated Fund, and £6.4 million in the Social Security Fund. Yet returns from new and increased taxes seem to be very conservatively estimated, physical limitations may hold expenditure well within the estimated amounts, and failing further unfavourable conjunctures a considerable surplus might emerge. However, to withhold such a surplus from expenditure for any length of time would be something new in the history of New Zealand governments.

Clearly the changes involve difficulties, inequities, and probably increased charges in commercial transport; the excise and customs duties on tobacco, spirits and beer are sharply price-increasing; other elements are cost-increasing and so price-increasing. Consumers are protesting bitterly over increased prices of beer, tobacco and spirits. A portentous comment came from Mr. F. P. Walsh, President of the New Zealand Federation of Labour: "There seems to be no question that the Budget will make it necessary to apply for a general wage increase in the near future. The taxation of consumer goods will be reflected in a lower standard of living and a rise in the consumers' price index." Statements by labour unions have supported him. It would be an attempt at a classic under-statement to say "the Budget has not been well received".

New Zealand,
August 1958.

EAST AFRICA

CONTRASTS IN KENYA

KENYA is a remarkable country. Crossing the Tanganyika frontier on the coast road from Tanga to Mombasa one begins to hope once more that the car will reach its destination; for after the roads of Tanganyika, a Kenya road seems like an *autobahn*. (One learns better in the interior.) Yet the change is only in the roads. The coastline is still essentially one, whether it be in Kenya or in Tanganyika. There are always the palms. And, of course, the Arabs, with their deep-sunk eyes, wispy beards, orange turbans, and their silver-scabbarded daggers dangling from their waists. They are a modest people to all appearances, and a minority; but they dominate the scene. Yet for how long? For there are also their African confrères, the Swahilis, who have adopted much of their culture, but who remain visibly distinct and are in a substantial majority. There are, too, the African tribes of the coastal belt, the Pokomo, the Nyika, the Giriama, who despite their long centuries of contact with the Arabs, and indeed at one time with the Portuguese, seem less advanced than almost any other group of peoples in the whole of East Africa. But even they are beginning to change. So here is one complex that on its own might well tax the ingenuity of Kenya's nation-builders. Its fate is to be attached to other and graver complexes in the interior.

Up the hot red road from Mombasa to Nairobi there is little but thorn bush for much of the way; and an occasional glimpse of the single-track railway that is still in this year of grace the sole economic lifeline of two British territories, one of which, Uganda, produces (largely through African peasant cultivation) more cotton and more coffee than any other country in the Commonwealth. Suddenly, however, 100 miles inland there rise up sheer from the dry country round about a collection of hills, the home of the Taita, a Bantu people linked culturally to the main Bantu groupings in the interior. A few years ago their District Headquarters was moved from Voi, down on the railway, to Wundanyi, up in the cool cultivated hills. An hour's drive up a frequently precipitous road brings one into a totally different environment.

It is another 100 miles inland before there are more hills; this time away to the north on both sides of the Athi River that flows eastwards to the sea. These are the home of the Kamba. Here a remarkable transformation has taken place in recent years, thanks very largely to the efforts of one energetic District Commissioner. Erosion, which had begun to sear the hillsides to destruction, has now been arrested by the extensive planting of trees. Put as baldly as that, the operation scarcely sounds dramatic. But measured in terms of the land now preserved for the livelihood of men, their families and their cattle, it is a tremendously important achievement.

The road from here to Nairobi runs through country owned by Europeans or overrun by game (as darkness fell one night last May, 36 giraffe were grazing together by the roadside). These open spaces of inhabitable land

provide an introduction to Kenya's greatest visible contrasts. For they are within ten miles of the cramped, confused and deeply disturbing African locations of eastern Nairobi. There are many worse in Africa; but no one can be proud of these. There is a fair maintenance of law and order. But there is creeping unemployment; and how much bitterness and disappointment is still being engendered there? The most heartening sight is to see the Community Centres (manned by devoted men and women of several missionary societies) actually being used, and winning the support of the teeming Africans who live around them. At least somebody cares.

To drive a mile or two farther and cross Government Road, which is very roughly the boundary between African (and Asian) Nairobi and European Nairobi, is once again to enter a totally different world. It requires little imagination to realize what this means. For whilst Africans cross this line very frequently, Europeans cross it far too infrequently. For them Nairobi tends to be a city with a high standard of life; where the shops are quite good (though the prices high); where the roads are wide and superbly flower-edged (though the traffic is appalling); where the rents are high, but where it is green and cool, and there are numerous clubs. It is well to remember that the majority of the European population of Kenya is not now rural but urban; and that their contacts with Africans are mainly with houseboys and office boys, and not with the herdsman of long standing, the dignified chief, or the African schoolmaster. There are as a result few contacts to create mutual respect; just as few to evoke sympathy. Certainly Africans can now enter hotels as equals. But there are very few who can equally enter homes.

Within five miles of Nairobi's suburbia runs the edge of the Kikuyu reserve, fertile, productive and seething with people. Still the most frightening sight is to see the Kikuyu women, their heads shaved, their clothes drab and their bodies bent under a load of wood, slung on a strap from their foreheads, that elsewhere would be the burden of two healthy men. But it is baffling too to see a European golf course next to a cultivated kerbside; especially when one discovers that the golf course is rented from African owners. It would be folly to imagine that such entanglements can be untied in a trice.

In Kikuyu country generally there is a tremendous amount of activity. To sit waiting in the office of a District Officer is a revelation in itself; two telephones in his hand, three inquirers in his office, and a dozen more in the passage outside: this is his daily experience. Of course, District Officers here still give orders. They still make decisions affecting the lives of tens of thousands of people. In Kiambu District, for instance, there have, since Mau Mau, been nearly 300 Kikuyu villages, controlled, aligned and originally barb wired. These are now to be replaced by something over 100 new settlements upon new sites. No doubt it could be argued that this is in the best interests of the people themselves (although the other two Kikuyu Districts appear to be following different policies), but the upheaval of a population on this scale, after all the upheavals they have recently endured, must be a gruelling experience. The Administration, however, has decided.

North-east of the Kikuyu are the Meru group of tribes on the eastern side of Mount Kenya. Here deep gorges divide the country; but it is all astonish-

ingly fertile, and coffee production appears to be advancing rapidly. To tap this area a new road is to be built (it will no doubt also provide a strategic route to the north). This is an obvious need. It is at present a painful experience to drive along the pot-holed and rutted zigzag that is the only outlet for £1 million of exports annually.

Round the north of the mountain, one can catch an occasional glimpse of the Northern Province—Turkana, Samburu, Boran and ultimately Somali country, barren, vast and compellingly attractive to a certain type of Administrator. And then, swinging westwards, the Northern Province, and the Meru are left behind, and in front stretches an enormous area of European farms. For 250 miles by road from beyond Meru to beyond Eldoret on the Uganda road, there is nothing but farms, except the towns of Nanyuki, Thompson's Falls and Nakuru. Here too is the Rift Valley—still a breathtakingly dramatic sight, however familiar.

Here is the heart of Kenya's problems. If one lives upon the Mau Summit upon the western side of the Rift, where the country is studded with farmsteads, and there is pasture and plough-land on all sides, it is not difficult to imagine that whatever anyone may say to the contrary, this is a White Man's Country. It looks like it. It is peopled like it. And, in the local County Council, it is governed like it. Why then the fuss? But to travel up the western face of the Rift to the Elgeyo escarpment to see the Elgeyo, a small Nilo-Hamite tribe, clinging by their eyebrows to the upper lip of the scarp, and to every ridge on its drop into the Kerio Valley below; or to travel westwards down to the Kano plain upon the north-eastern shore of Lake Victoria, and up into North Nyanza District, leads one to wonder why anyone should ever have suggested that Kenya had been, or could ever be, anything but a Black Man's Country. For fifty years now Kenya—or at all events the parts of it that really matter—has been sharply and dramatically divided into its large Settled Areas and its large Native Reserves. That it is a divided country is the most obvious thing about it.

No Multi-racial Government

IN the past six months political developments in Kenya have been much as expected. Africans were elected to all the newly founded African elected seats, and without exception they joined the existing African members in their adamant opposition to the Lennox-Boyd Constitution. Africans were also elected to the four Special Seats (filled by the Legislative Council sitting as an electoral body), but none of the African elected members voted for any of them. Mr. Mathu, the erstwhile leader of the African elected members, boxed the political compass, and was politically shipwrecked. The African elected members overplayed their hand in denouncing those Africans who sought election to Special Seats from non-African votes alone. They were fined £75 each, without the option of becoming prison graduates, which they would have welcomed. They followed this with a statement of aims. But unless the Government break their embargo upon certain aspects of constitutional change, most of them could not possibly be granted.

It is heartening that some European leaders should be looking ahead as

much as they undoubtedly are. It seems probable, for instance, that they will shortly agree to the making of some statement about the ultimate objective for Kenya, which may not be very far from the Africans' published desires. There are leaders, too, who come very close to sharing African sentiments about breaking down the land barriers that have so riven Kenya in the past. But whether steps along these lines will do anything immediately effective to meet African feelings grows more doubtful with every day's delay.

The trouble is that Kenya's Africans are highly suspicious. For they are as quick as anyone to recognize when their mutton is dressed up as lamb. Consider the following. The present Lennox-Boyd Constitution is named after the Colonial Secretary who promulgated it. The evidence accumulates, however, that it was very largely the concoction of European leaders, who alone were fully consulted in the final stages of its framing. However intransigent the African members had been about the old Constitution, this was scarcely cause for excluding them altogether from the making of the new. Or again, Mr. Musa Amalemba has been appointed African Minister of Housing. But he is only an African Minister in a special sense; he is a Minister who happens to be an African. But he is not an African Minister in anything like the sense that Mr. Blundell is a European Minister or Mr. Madan an Asian Minister. They can produce evidence that they enjoy the support of substantial elements in their communities. But he can produce none. He was elected to Legislative Council, but only to a Special Seat, and he was unable to enlist the support of any of those Africans who had won the support of the (deliberately limited) African electorate. He was entirely dependent upon European, Asian and Government votes. It is accordingly a mere quibble to suggest that an African today sits alongside local Europeans and Asians in the Government of Kenya. Quibbles exacerbate.

The truth is that the Government of Kenya today, which seeks to be the embryo for a government, not of officials, but of Kenya citizens, includes no one who has any claim to enjoy the support of the overwhelming majority of the local population. It seems customary to blame this state of affairs upon the intransigence of the African elected members. But it is surely foolish to expect people to join a government with whose approach they have no sympathy. If the British Government are genuinely anxious to create a multi-racial government in Kenya, then it is necessary to report that there is no sign that their present approach is succeeding.

Reaction in Buganda

HAVING said all this, perhaps the most important recent developments within East Africa have been in Uganda. Here it is once more Buganda that is the key. This is not just a matter of size—though it is that, for Buganda now includes upwards of 2 million of the total Uganda population of nearly 5 million.

Uganda has been promised self-government as a primary African State. The implications of the qualification "primary" have still to be determined, but the rest of the statement has been widely accepted throughout the country for some time past. There is little doubt left about the main outlines

of British policy as put forward in repeated declarations by the Government on the ultimate political future. Accordingly the political fight in Uganda has now passed on to round two; the shape of the Constitution when self-government has been attained. This is why the Buganda Lukiko has once more begun to campaign against the Uganda Legislative Council. They have managed to kill Baganda participation in the forthcoming direct elections for African members of Legislative Council. They have instituted court proceedings which are designed to annul any undertakings they may have made for any Baganda participation in Legislative Council. They have made complaints about the erection of a further Parliament building (the new Legislative Council building) within a short distance of their own Parliament building (the new Lukiko hall). These moves are all designed to prevent the growth of Legislative Council as the supreme Legislature in the country—supreme, more particularly, over the Lukiko.

At the same time the Lukiko, through a Committee, have asked that His Highness the Kabaka of Buganda should be recognized as His Majesty the King of Uganda. This has provoked more annoyance in the non-Baganda parts of the country—in Western, Northern and Eastern Provinces—than anything that the Baganda have done hitherto. All the non-Baganda members of Legislative Council have joined together in a statement inviting the protest of every non-Baganda District Council. And they have not been disappointed. Toro, for instance, has gone so far as to ask the Protectorate Government to reduce Buganda to a size comparable with other parts of the country. The significance of the episode is that whereas the Buganda Lukiko had formerly hoped to enlist non-Baganda District Councils in a campaign against the Legislative Council, the non-Baganda Legislative Councillors have now succeeded in enlisting the non-Baganda District Councils against the Buganda Lukiko. This is not, however, very comforting. The rest of the country could never rule Buganda against its will; it will have to co-operate with it. It does mean, however, that in resisting the Lukiko's more extravagant claims the Protectorate Government now has, to a far greater extent than in the past, the moral support of the rest of the country.

The present Lukiko seems to be well controlled by a small clique who wish to perpetuate their position by invoking the support—to say no more—of the Kabaka himself. They have been remarkably successful within their limited field. About 5 per cent of the Lukiko have been expelled from it for not toeing the line. And there seems to be no prospect of direct elections to the Lukiko this year when they are due, any more than to Legislative Council; for the clique fear that direct elections would sweep them away. The clique appear to have forgotten, however, that to act in such ways is to give hostages to fortune. They seem by their antics to have alienated left-wing support in the House of Commons. And they have given the Protectorate Government the whip hand. For British policy is to create not merely a Uganda of which Buganda shall be part; nor is it merely to grant self-government. It is also (unless one is very much mistaken) to create *democratic* self-government. What the clique desire is self-government for those now in power—which is not the same thing.

So long as there is no democratic order in Buganda, the British Government would seem to be on safe ground in declaring that self-government is out of the question. For in insisting that there should be a democratic order established first, they should be able to rely upon the support of the more radical politicians in the country. Many of these have already been alienated from the controlling clique in Buganda as a result of a series of unfounded charges levied against their leaders, and also by the refusal of the Lukiko to contemplate direct elections. They have, moreover, for the first time formed a joint opposition to the Buganda Government and the Lukiko (where they have few members). No one imagines that a change of heart in the Lukiko is likely to take place rapidly. But in any moves to encourage this, the Protectorate Government will have the support of "advanced" opinion generally, and until a change has occurred even people of "advanced" views will be chary of self-government.

Nasserism

IF Uganda, as it has seemed, is apt to set the pace in political development, this conclusion is of obvious significance for the whole of East Africa. Indeed, it is now probably true to say that whereas the pressures that will eventually lead to the transfer of power into local hands have over the past five years seemed to be primarily from within East Africa, today it seems as if the really formative pressures in the next few years could very well come from outside. Somalia is to be independent in 1960. "Somaliland" as a whole is at present divided into Somalia (late Italian Somaliland), British Somaliland, French Somaliland and parts of Ethiopia and Kenya. No one quite knows what will happen in 1960, but it is an obvious possibility, which Cairo Radio will continue to foster, that Somalia should be joined to Egypt, either in the way that Syria has been, or like the Yemen. If, to such links as already exist, there has by that time been added Iraq with its oil revenues, the independence of the Sudan (the first country to which the Egyptians originally turned their eyes) would very possibly soon be in jeopardy as well. Quite how the non-Muslim Arab-hating southern Sudan might react it is difficult to say, but its leaders have played with the Egyptians before, in their efforts to achieve greater autonomy from Khartoum, and might do so again.

Mr. Macmillan has asked what might be the impact of unchecked successes by "pan-Arab imperialism" upon other parts of Africa. This to anyone living in East Africa is a mighty pertinent question. President Nasser is already sponsoring a Cairo office for the Uganda National Congress—somewhat to the embarrassment of its leaders within Uganda—and it can only be a matter of time before Cairo Radio beams towards East Africa in other languages besides Swahili. But it will obviously not be to the interests of the great African majorities in these countries if their independence proves to be a sham, and a prelude to a further period of colonial rule. Present events in the Middle East have an immediate relevance to East Africa.

East Africa,

August 1958.

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